



PENN NATIONAL  
GAMING, INC.

# EMPLOYEE GUIDANCE MANUAL

*The* **Downs**  
*at Pocono*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Our Corporate Mission**

"To establish PNG as a profitable and respected leader in the racing and gaming business, as a valued partner in our communities and as a role model for ethical business standards in our industry."



# Penn National Gaming, Inc

## Employee Guidance Manual

### Table of Contents

Policy	Effective Date:	Revision Date:
<b>INTRODUCTION</b>		
CEO's Welcome Message	1/1/1999	
Organization Description	1/1/1999	1/1/2004
Introductory Statement	1/1/1999	1/1/2004
Employee Acknowledgement Form	1/1/1999	1/1/2004
<b>EMPLOYMENT</b>		
100 Guest Relations	1/1/1999	1/1/2004
101 Nature of Employment	1/1/1999	1/1/2004
102 Employee Relations	1/1/1999	1/1/2004
103 Equal Employment Opportunity	1/1/1999	1/1/2004
104 Code of Business Conduct	1/1/1999	1/1/2004
105 Personal Relationships in the Workplace	1/1/1999	1/1/2004
107 Immigration Law Compliance	1/1/1999	1/1/2004
114 Disability Accommodation	1/1/1999	1/1/2004
116 Job Posting	1/1/1999	1/1/2004
117 Miscellaneous	1/1/1999	1/1/2004
<b>EMPLOYMENT STATUS &amp; RECORDS</b>		
201 Employment Categories	1/1/1999	1/1/2004
202 Access to Personnel Files	1/1/1999	1/1/2004
203 Employment Background Checks	1/1/1999	1/1/2004
204 Personnel Data Changes	1/1/1999	1/1/2004
205 Introductory Period	1/1/1999	1/1/2004
208 Employment Applications	1/1/1999	4/1/2003
209 Performance Evaluation	1/1/1999	1/1/2004
<b>EMPLOYEE BENEFIT PROGRAMS</b>		
301 Employee Benefits	1/1/1999	1/1/2004
303 Vacation	1/1/1999	1/1/2004
305 Holidays	1/1/1999	1/1/2004
306 Workers' Compensation Insurance	1/1/1999	1/1/2004
307 Sick Leave Benefits	1/1/1999	1/1/2004
309 Bereavement Leave	1/1/1999	1/1/2004
311 Jury Duty	1/1/1999	5/1/2002
313 Benefits Continuation (COBRA)	1/1/1999	1/1/2004
316 Health Insurance	1/1/1999	1/1/2004
317 Life Insurance	1/1/1999	1/1/2004
318 Short-Term Disability	1/1/1999	1/1/2004
319 Long-Term Disability	1/1/1999	1/1/2004
320 401(k) Savings Plan	1/1/1999	1/1/2004
321 Perfect Attendance Recognition	1/1/1999	1/1/2004
326 Flexible Spending Accounts (FSA's)	1/1/1999	1/1/2004
<b>TIMEKEEPING/PAYROLL</b>		
401 Timekeeping	1/1/1999	1/1/2004
403 Paydays	1/1/1999	1/1/2004

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

<b>Policy</b>	<b>Effective Date:</b>	<b>Revision Date:</b>
<b>TIMEKEEPING/PAYROLL</b>		
405 Employment Termination	1/1/1999	1/1/2004
409 Administrative Pay Corrections	1/1/1999	1/1/2004
410 Pay Deductions and Setoffs	1/1/1999	1/1/2004
<b>WORK CONDITIONS &amp; HOURS</b>		
501 Safety	1/1/1999	1/1/2004
502 Work Schedules	1/1/1999	
503 Use of Cell Phones	8/1/2003	1/1/2004
504 Use of Phone and Mail Systems	1/1/1999	1/1/2004
505 Smoking / Tobacco Usage	1/1/1999	1/1/2004
507 Overtime	1/1/1999	1/1/2004
508 Use of Equipment and Vehicles	1/1/1999	1/1/2004
510 Emergency Closings	1/1/1999	1/1/2004
516 Computer and E-mail Usage	1/1/1999	1/1/2004
517 Internet Usage	1/1/1999	1/1/2004
518 Workplace Monitoring	1/1/1999	1/1/2004
522 Workplace Violence Prevention	1/1/1999	1/1/2004
<b>LEAVES OF ABSENCE</b>		
602 Family Leave	1/1/1999	1/1/2004
603 Personal Leave	1/1/1999	1/1/2004
605 Military Leave	1/1/1999	1/1/2004
<b>EMPLOYEE CONDUCT &amp; DISCIPLINARY ACTION</b>		
701 Employee Conduct and Work Rules	1/1/1999	1/1/2004
702 Drug and Alcohol Use	1/1/1999	1/1/2004
703 Sexual and Other Unlawful Harassment	1/1/1999	1/1/2004
704 Attendance and Punctuality	1/1/1999	1/1/2004
705 Personal Appearance	1/1/1999	1/1/2004
706 Return of Property	1/1/1999	4/1/2003
708 Resignation	1/1/1999	1/1/2004
710 Security Inspections	1/1/1999	
712 Solicitation	1/1/1999	1/1/2004
714 Drug Testing	1/1/1999	1/1/2004
716 Discipline Policy	1/1/1999	1/1/2004
718 Problem Resolution	1/1/1999	1/1/2004
720 Casual Days	1/1/1999	1/1/2004
<b>MISCELLANEOUS</b>		
800 Life-Threatening Illnesses in the Workplace	1/1/1999	1/1/2004
<b>EXHIBITS</b>		
1 Job Advertisement	1/1/1999	1/1/2004
2 Self-Nomination for Advertised Vacancy	1/1/1999	1/1/2004



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **CEO's Welcome Message**

Welcome new employee!

On behalf of all PNG employees I welcome you to our Company and wish you every success here.

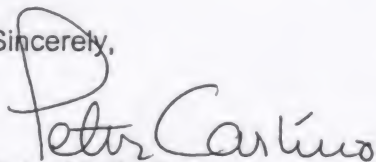
I believe that each employee contributes directly to PNG's growth and success, and I hope you will take pride in being a member of our team. Our objective is to provide a work environment that is conducive to both personal and professional growth for all PNG employees.

This manual was developed to outline the policies, programs and benefits available to eligible employees, and to acquaint you with PNG's expectations of you as an employee. You should familiarize yourself with the content of your manual as soon as possible, for it will answer many questions about employment with PNG.

I sincerely hope that your experience at PNG will be challenging, enjoyable and rewarding.

Again, welcome!

Sincerely,

A handwritten signature in dark ink, appearing to read "Peter Carlino". The signature is written in a cursive, flowing style.

Peter M. Carlino  
Chairman/CEO

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Organization Description**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

### **The Company**

Penn National Gaming, Inc. ("PNG") is a diversified gaming and pari-mutuel company. We own, operate and manage gaming and racing properties. Our employment has grown from about 1,600 in 1998 to nearly 15,000 today. We presently operate in seven states and in Canada.

#### **Our properties:**

***Charles Town Races & Slots, Charles Town, WV*** - a complete entertainment complex that offers both coin-in, coin-out and video slots, live and simulcast horse racing, live entertainment and a variety of dining options. A 1,500 space parking garage was recently opened. In addition, construction of nearly 100,000 square feet of new gaming, restaurant, entertainment and back-of-house facilities has opened. A total of 3,500 slot machines are currently in operation and additional expansion plans are in the works.

***Casino Magic Bay St. Louis, MS*** - added to the PNG family in August 2000, this 600+ acre facility includes a large casino (with slots and table games), a hotel, an RV park, a marina and an Arnold Palmer designed championship golf course. A high-end 300-room hotel tower adjacent to the casino opened in May 2002.

***Boomtown Biloxi Casino, MS*** - acquired by PNG along with the Bay St. Louis property in August 2000, this free-standing casino is located on the "back bay" in Biloxi, Mississippi. It features a Western theme and is known for "the best buffet on the Mississippi Gulf Coast."

***Casino Rouge, Baton Rouge, LA*** - joined PNG in April of 2001 as part of a merger with CRC Holdings, Inc. This riverboat enjoys a major market share in Baton Rouge and features many amenities, including the "Capitol Bistro," a new fine dining restaurant.

***Bullwhackers Casino, Black Hawk, CO*** - added to the PNG family in April 2002, Bullwhackers is actually three separate lively and exciting properties located in Black Hawk, CO, an old mining town in the Rockies which is now one of Colorado's three gaming zones.

***Hollywood Casinos*** - in March of 2003, we acquired Hollywood Casinos, Inc., of Dallas, TX. The three properties owned by Hollywood include Hollywood - Aurora (IL), Hollywood - Shreveport (LA), and Hollywood - Tunica (MS). In addition to gaming, the Shreveport and Tunica properties have very attractive high-end hotels. This acquisition added 4,500 employees to the PNG family.

***Casino Rama, Ontario, Canada*** - in the Casino Rouge merger with CRC, PNG acquired a contract to manage Casino Rama, a large casino/hotel complex north of Toronto, Canada.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

***Penn National Race Course, Grantville, PA*** - one of two thoroughbred racetracks in PA

Off Track Wagering facilities in:

- Chambersburg
- Lancaster
- Johnstown
- Reading
- Williamsport
- York

***Pocono Downs, Wilkes-Barre, PA*** - one of two harness racetracks in PA

Off Track Wagering facilities in:

- Allentown
- Carbondale
- East Stroudsburg
- Erie
- Hazleton

***Freehold Raceway, Freehold, NJ*** - PNG's joint-venture operation, Freehold Raceway was established in 1853 and features live Standardbred harness races for trotters and pacers ten months of the year from August through May. The racetrack is also open seven days a week and seven nights for year round thoroughbred and harness racing simulcasts from tracks throughout North America.

### **Business Strategy**

It is our desire and intention to be a leading operator in both the gaming and pari-mutuel racing businesses in the United States. Toward that end, we are broadening our gaming base with slot machines, table games, hotels and related entertainment venues.

### **OUR TRADITION OF LIVE RACING**

We continue to enjoy a proud heritage in the circles of thoroughbred and harness racing. Live horse racing is offered at three of our facilities: thoroughbred racing at Penn National Race Course and Charles Town Races, and harness racing at Pocono Downs. Offering live racing at these venues has enhanced our industry position in terms of pari-mutuel wagering and export simulcasting.

Additionally, Penn National Race Course annually hosts three major \$50,000-added stakes races: the Pennsylvania Governors Cup, Jenny Wade Handicap, and Blue Mountain Juveniles Stakes. These prestigious races shine the spotlight of the racing community on PNR - attracting nationally renowned horses and jockeys. Charles Town Races also hosts the West Virginia Breeders Classic in the fall of every year.

### **OUR OTWS**

At our 11 OTWs throughout Pennsylvania, racefans may place wagers on thoroughbred and harness races simulcast from our racetracks and from other tracks around the country. Our OTWs play an integral role in our future by increasing the geographic areas we are able to target.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### ***EXPANDING SIMULCASTING OPERATIONS***

We transmit simulcasts from our tracks to other wagering locations year-round and we receive simulcasts of races from other locations year-round. By importing a full card of races from approximately 75 racetracks, we are able to offer a full slate of events for wagering to each patron at a PNG facility. In exporting our races to more than 100 locations across the country, we are able to further market the quality of our races nationwide. In the time that has passed since our acquisition of Charles Town Races, we have been working diligently to develop and improve our live racing program. Charles Town was the first track in West Virginia to export simulcast thoroughbred racing.

### ***ACCOUNT WAGERING SERVICES***

Telephone: Our telephone account wagering services have been operating for almost 20 years. Telebet™ and Dial-a-Bet™ account holders can place pari-mutuel horse wagers by phone through the use of a debit account.

Internet: eBet USA was launched officially in January of 2001. eBet USA allows account holders to place wagers via the internet, as well as see live video of the races. eBet USA can be found at [www.ebetusa.com](http://www.ebetusa.com).

### **The Future**

We will continue to seek sensible growth opportunities in gaming and entertainment in an ongoing effort to further develop our strengths and our position within the industry. Without doubt, our company has entered the new millennium with solid plans for a very bright future.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Introductory Statement**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

This manual is designed to acquaint the non-represented employees of Penn National Gaming, Inc., and its subsidiary companies with information about working conditions, employee benefits, and the policies affecting their employment. **Whenever a reference is made to "Penn National Gaming, Inc.", or "PNG", it should be understood to apply equally to all subsidiary companies as well. Whenever a reference is made to the "manual," it should be understood to include this Penn National Gaming manual and the attached local addendum.**

As an employee, you should read, understand and comply with all provisions of this manual. It describes many of your responsibilities as an employee and outlines the programs developed by PNG to benefit employees. *In the event that an employee has an employment contract with PNG and there is a discrepancy between the terms/conditions of the employment contract and this manual, the terms/conditions of the contract shall prevail. Additionally, should there be any discrepancy between this manual and any benefit plan, summary plan description (SPD), insurance contract, etc., the latter documents shall prevail. In the event of any discrepancy between this manual and the local addendum, the terms of the local addendum shall prevail.*

No employee manual can anticipate every circumstance or question about a policy. As PNG continues to grow, and the need arises, PNG reserves the right to supplement or rescind any policies or portion of the manual from time to time, as it deems appropriate, in its sole and absolute discretion. The only exception to any changes is our employment-at-will policy, which permits you or PNG to terminate our relationship for any reason at any time. Employees will, of course, be notified of such changes as they occur.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Employee Acknowledgement Form**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

*In the event that an employee has an employment contract or a labor agreement with PNG and there is a discrepancy between the terms/conditions of the employment contract or labor agreement and this manual, the terms/conditions of the employment contract or labor agreement shall prevail.*

The employee manual describes important information about PNG and my property, and I understand that I should consult the Human Resources Department regarding any questions not answered in the manual. This manual supercedes all previous company manuals, handbooks and guides. I have entered into my employment relationship with PNG voluntarily and acknowledge that there is no specified length of employment. Accordingly, either PNG or I can terminate the employment relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.

Since the information, policies, and benefits described here are necessarily subject to change, I acknowledge that revisions to the manual may occur. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the chief operating officer of PNG has the ability to adopt any revisions to the core policies in this manual.

Furthermore, I acknowledge that this manual is neither a contract of employment nor a legal document. I acknowledge receipt of the manual and I understand that it is my responsibility to read and comply with the policies contained in this manual and any revisions made to it.

EMPLOYEE'S NAME (printed): \_\_\_\_\_

EMPLOYEE'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

PROPERTY: \_\_\_\_\_

***Please sign, date and return this form to Human Resources.***

**Employee Acknowledgement Form**



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **100 Guest Relations**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Guests are among our organization's most valuable assets. Every employee represents PNG to our guests and the public. The way we do our jobs presents an image of our entire organization. Guests judge all of us by how they are treated with each employee contact. Therefore, one of our first business priorities is to assist any customer or potential customer. Nothing is more important than being courteous, friendly, helpful, and prompt in the attention you give to guests.

All PNG properties will provide guest relations and services training to all employees with extensive guest contact. Guests who wish to lodge specific comments or complaints should be directed to the property General Manager for appropriate action. Our personal contact with the public, our manners on the telephone, and the communications we send to guests are a reflection not only of ourselves, but also of the professionalism of PNG. Positive guest relations not only enhance the public's perception or image of PNG, but also pay off in greater guest loyalty and increased sales and profit.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **101 Nature of Employment**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

This handbook is intended to provide employees with a general understanding of our personnel policies. Employees are encouraged to familiarize themselves with the contents of this handbook, for it will answer many common questions concerning employment with PNG.

However, this handbook cannot anticipate every situation or answer every question about employment. It is not an employment contract and does not create contractual obligations of any kind. Neither the employee nor PNG is bound to continue the employment relationship if either chooses, at its will, to end the relationship at any time.

In order to retain necessary flexibility in the administration of policies and procedures, PNG reserves the right to change, revise, or eliminate any of the policies and/or benefits described in this handbook, except for its policy of employment-at-will. The only recognized deviations from the stated core policies are those authorized and signed by the chief operating officer of PNG.

*In the event that an employee has an employment contract with PNG and there is a discrepancy between the terms/conditions of the employment contract and this manual, the terms/conditions of the employment contract shall prevail.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **102 Employee Relations**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in the area and in this industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns openly and directly to their supervisors.

Our experience has shown that when employees deal openly and directly with supervisors, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that PNG amply demonstrates its commitment to employees by responding effectively to employee concerns.

As some employees in PNG have already chosen third party representation, we affirm our commitment to retaining positive relationships with all existing bargaining units. If and when other employees examine the option of union representation, however, we strongly encourage careful consideration of such related issues as: regular deductions from paychecks for union dues, the potential for outside interference with supervisory relationships, and the commitment to comply with directions from unions.

In an effort to protect and maintain direct employer/employee communications, we will resist further organization, within applicable legal limits, and protect the right of employees to speak for themselves.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **103 Equal Employment Opportunity**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at PNG will be based on merit, qualifications, and abilities. PNG does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

PNG will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the property Human Resources Department. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **104 Code of Business Conduct**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

#### **INTRODUCTION**

The reputation and integrity of Penn National Gaming, Inc. and its subsidiaries (the "Company") are valuable assets that are vital to the Company's success. This Code of Business Conduct ("Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, officers and directors of the Company (collectively referred to as "employees"). All of our employees, officers and directors are responsible for conducting the Company's business in a manner that demonstrates a commitment to the highest standards of integrity and, accordingly, we must all seek to avoid even the appearance of improper behavior.

No code of conduct can replace the thoughtful behavior of an ethical employee. The purpose of this Code is to

- focus employees on areas of ethical risk,
- provide guidance to help employees to recognize and deal with ethics issues,
- provide mechanisms for employees to report unethical conduct,
- foster among employees a culture of honesty and accountability, and
- ensure protection against retaliation for employees who engage in conduct encouraged by this Code.

Dishonest or illegal conduct will constitute a violation of this Code, regardless of whether the conduct is specifically addressed in the Conduct section of the Code.

The Company's Board of Directors and Company management have designated John deGrasse to be the Chief Compliance Officer (the "Chief Compliance Officer") for the implementation and administration of the Code. The Chief Compliance Officer can be reached at 610-373-2400. In addition, each property has a compliance officer (the "property compliance officer") who will assist the Chief Compliance Officer with the implementation and administration of this Code.

Questions regarding the application or interpretation of the Code of Conduct are inevitable. Employees should feel free to direct questions to the Chief Compliance Officer or their property compliance officer. The Chief Compliance Officer is also responsible for conducting or directing the investigation of alleged Code violations under procedures adopted by the Audit Committee of the Board. The Chief Compliance Officer will report to the Audit Committee of the Board on a quarterly basis on matters such as suspected violations of the Code, status of inquiries and investigations, requested waivers to the Code and enforcement of the Code.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **REPORTING VIOLATIONS**

#### **A. Reporting Violations**

The Company expects employees who observe, learn of, or, in good faith, suspect a violation of the Code, to immediately report the violation to the Chief Compliance Officer or the property compliance officer. All managers and supervisors are required to enforce this Code and are not permitted to condone violations. Reported violations will be investigated and addressed promptly. The investigation will be handled discreetly and appropriately, and the information will be disclosed to others only on a need to know basis and as required by law. An employee who violates the Code may be subject to disciplinary action, up to and including termination of employment, depending on the severity of the violation. Except as described below, the investigations of the alleged Code violations shall be handled by the Chief Compliance Officer in conjunction with other Company personnel.

The Company recognizes the potentially serious impact of a false accusation. Employees are expected as part of the ethical standards required by this Code to act responsibly in reporting violations. Making a complaint without a good faith basis is itself a violation of the Code. Any employee who makes a complaint in bad faith will be subject to disciplinary action (refer to Policy 716 – Discipline Policy).

#### **B. Special Procedures for Reporting/Investigating Complaints Regarding Accounting, Internal Accounting Controls and Auditing Matters**

A special procedure exists for the good faith reporting of suspected violations of this Code arising out of questionable accounting, internal accounting controls or auditing matters. These topics include alleged violations concerning full and fair reporting of the Company's financial condition. In these cases, an employee has the right to submit a complaint in a confidential, anonymous manner or with his or her name to the Company's Audit Committee by way of the Chief Compliance Officer. The complaint should be made in written form and provide sufficient information so that a reasonable investigation can be conducted. The complaint should be addressed to the Chief Compliance Officer, Penn National Gaming, Inc., PO Box 7054, Wyomissing, PA 19610. Investigations involving this specific subject matter shall be handled by the Chief Compliance Officer and overseen by the Audit Committee of the Board of Directors pursuant to approved guidelines.

#### **C. Prohibition on Retaliation**

Employees who report violations or suspected violations in good faith, as well as those who participate in investigations, will not be subject to retaliation of any kind. If you believe a Company employee has retaliated against you resulting from your written report, you may file a written complaint against that Company employee.

Retaliation is defined as the use of authority or influence for the purpose of interfering with or discouraging a report of a violation of the Code or an investigation of an alleged Code violation. Types of retaliation include, but are not limited to, (1) carrying out or threatening to carry out any punishment; or (2) implementing or approving any adverse personnel action (including but not limited to, transfer assignment, performance evaluation, suspension, demotion, termination, or other disciplinary action).



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

A complaint of retaliation must be filed under the existing Company complaint resolution procedures (refer to Policy 718 – Problem Resolution) or grievance procedures with a copy sent to the Chief Compliance Officer and the Corporate Vice President of Human Resources. If the retaliation complainant is an applicant for employment or any employee who does not have a complaint resolution procedure available for some other reason, the complainant may file the complaint with the Corporate Vice President of Human Resources.

### **D. Waivers**

Requests for a waiver of a provision of the Code must be submitted in writing to the Compliance Officer. For conduct involving an executive officer, senior financial officer or Board member, only the Board of Directors has the authority to waive a provision of the Code. No waiver may be given if such a waiver would violate applicable law or stock exchange regulation.

In the event of an approved waiver involving the conduct of an executive officer or Board member, appropriate and prompt disclosure must be made to the Company's shareholders as required by applicable law or stock exchange regulation. Statements in the Code of Conduct to the effect that certain actions may be taken only with "Company approval" mean that two executive officers or the Board must give prior approval before the proposed action may be taken.

### **E. Other Company Policies**

This Code should be read in conjunction with the Company's other policy statements addressing dishonest, illegal or unethical conduct, such as the timekeeping, insider trading, harassment, and drug and alcohol policies. All employees will receive a copy of the Code. The Conduct section of the Code (below) describes certain improper conduct specifically prohibited by the Code. However, each employee must bear in mind that the conduct listed below is not intended to be a comprehensive list of such conduct.

## **CONDUCT**

### **A. Violations of Law**

A variety of government laws, rules and regulations apply to the Company and its operations, and some carry criminal penalties. These laws include, without limitation, gaming and pari-mutuel regulations, anti-trust laws, securities laws, workplace discrimination laws, workplace safety laws, drug laws and privacy laws. Examples of criminal violations of the law include: stealing, violence in the workplace, illegal trading of Company stock, bribes and kickbacks, embezzling, misapplying corporate or customer funds, using threats, physical force or other unauthorized means to collect money; making a payment for an expressed purpose on the Company's behalf to an individual who intends to use it for a different purpose; or making payments, whether corporate or personal, that is intended to improperly influence the judgment or actions of political candidates or government officials in connection with any of the Company's activities. In sum, employees must obey all applicable laws. The Company must and will report all suspected criminal violations to the appropriate authorities for possible prosecution, and will investigate and address as appropriate, non-criminal violations.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **B. Conflicts of Interest**

Generally, a conflict of interest occurs when an employee's or an employee's family or personal interest interferes with, has the potential to interfere with, or appears to interfere with the interests or business of the Company. A conflict of interest can occur or appear to occur in a wide variety of situations including those described below. Any conflict or potential conflict must be disclosed to the Company in advance of the transaction or situation involving the conflict.

#### **1. Personal Interest in a Transaction**

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which the Company wishes the business to operate. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to the subject of acceptable standards of operation. Contact the Chief Compliance Officer for more information or questions about conflicts of interest.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of the Company's business dealings or in a situation making it difficult for the employee to perform their duties. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions such as purchases, contracts, or leases, it is imperative that the employee discloses such actual or potential conflicts to the Chief Compliance Officer or the property compliance officer as soon as possible so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which the Company does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving the Company. The receipt of a gift in excess of \$250 in value must be reported to the Chief Compliance Officer or a property compliance officer.

#### **2. Outside Activities/Employment**

An employee may hold a job with another organization as long as he or she satisfactorily performs his or her job responsibilities with the Company. All employees will be judged by the same performance standards and will be subject to the Company's scheduling demands, regardless of any existing outside work requirements.

If the Company determines that an employee's outside work interferes with performance or the ability to meet the requirements of the Company as they are modified from time to time, the employee may be asked to terminate the outside employment if he or she wishes to remain with the Company.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

Any outside activity, including employment, should not reduce the time and attention employees devote to their corporate duties, should not adversely affect the quality or quantity of their work, and should not make use of Company equipment, facilities, or supplies, or imply (without the Company's approval) the Company's sponsorship or support. In addition, under no circumstances are employees permitted to compete with the Company or take for themselves or their family members business opportunities that belong to the Company that are discovered or made available by virtue of their positions at the Company. Outside employment will present a conflict of interest if it has any adverse impact on the Company.

### **3. Civic/Political Activities**

Employees are encouraged to participate in civic, charitable or political activities so long as such participation does not reduce the time and attention they are expected to devote to their company-related duties. Such activities are to be conducted in a manner that does not involve the Company or its assets or facilities, and does not create an appearance of Company involvement or endorsement (except with written approval of the Company).

### **4. Loans to Employees**

The Company will not make loans or extend credit to or for the personal benefit of officers or directors, except as permitted by law. Loans or guarantees may be extended to other employees only with Audit Committee approval. For clarity, the advancement of funds for approved Company business, such as travel advances, is permitted.

### **C. Proper Use of Company Assets**

Company assets, such as information, materials, supplies, intellectual property, facilities, software, and other assets owned or leased by the Company, or that are otherwise in the Company's possession, may be used only for legitimate business purposes. The personal use of Company assets, without Company approval, is prohibited.

### **D. Delegation of Authority**

Each employee, and particularly each of the Company's officers, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope, and includes appropriate and continuous monitoring.

### **E. Handling Confidential Information and Public Communication**

Employees should observe the confidentiality of information that they acquire by virtue of their positions at the Company, including information concerning customers, marketing strategy, technical information, suppliers, competitors, and other employees, except where the Company approves disclosure or the disclosure is otherwise legally mandated. Special sensitivity is accorded to financial information, which should be considered confidential except where the Company approves disclosure, or the disclosure is otherwise legally mandated. Some employees may be required to sign a non-disclosure agreement. Only designated employees may speak to third parties, such as the media, on behalf of the Company. The obligation to preserve the confidentiality of Company information continues even after employment or affiliation with the Company ends.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **F. Employees Who Handle or Have Access to Financial Information**

In addition to any other applicable laws dealing with financial information, financial reporting, internal accounting controls, auditing matters or public disclosure, the Company requires that any employees involved in financial reporting, internal accounting controls, auditing or public disclosure or with access to such information follow the highest ethical standards, including the following guidelines:

- Act with honesty and integrity and avoid violations of the Code, including actual or apparent conflicts of interest with the Company in personal and professional relationships.
- Disclose to the Chief Compliance Officer any material transaction or relationship that reasonably could be expected to give rise to any violations of the Code, including actual or apparent conflicts of interest with the Company.
- Provide the Company's other employees, consultants, and advisors with information that is accurate, complete, objective, relevant, timely, and understandable.
- Endeavor to ensure full, fair, timely, accurate, and understandable disclosure in the Company's periodic reports and in other public communications.
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts.
- Respect the confidentiality of information acquired in the course of Company work. Confidential information acquired in the course of Company work must not be used for personal advantage.
- Proactively promote ethical behavior among peers in your work environment.
- Achieve responsible use of and control over all assets and resources employed or entrusted to you.
- Record or participate in the recording of entries (such as expenses, billing information, and hours worked) in the Company's books and records information that is accurate to the best of your knowledge.
- Not fraudulently induce, coerce, manipulate, or mislead any independent auditor or accountant.
- Report to the Chief Compliance Officer any dishonest, unethical, or misleading conduct that could impact the accuracy of the Company's financial reporting.

### **G. Insider Trading**

The stock of our Company is publicly traded. As a result, a number of laws regulate the purchase and sale of Company stock by employees, officers and directors. Employees who have access to confidential Company information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business and in strict conformance with all applicable laws and SEC regulations. All non-public information about the Company should be considered confidential information (especially financial projections and results, mergers and acquisitions discussions, marketing strategies, and legislative developments). To use non-public information for your own personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also a potential violation of civil and criminal law (which may include fines and imprisonment). If you have any questions concerning the purchase or sale of Company stock, please consult the General Counsel or the Treasurer.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **H. Payments to Government Personnel**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's General Counsel can provide guidance to you in this area.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **105 Personal Relationships in the Workplace**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

The employment of relatives or individuals involved in a dating relationship in the same area of an organization may cause serious conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried over into day-to-day working relationships.

For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage, up to and including first cousins. A dating relationship is defined as a relationship that may be reasonably expected to lead to the formation of a consensual "romantic" or sexual relationship and/or cohabitation. This policy applies to all employees without regard to the gender or sexual orientation of the individuals involved.

Relatives of current employees may not occupy a position that will be working directly for or supervising their relative. Individuals involved in a dating relationship with a current employee may also not occupy a position that will be working directly with, for, or supervising the employee with whom they are involved in a dating relationship. PNG also reserves the right to take prompt action if an actual or potential conflict of interest arises involving relatives or individuals involved in a dating relationship who occupy positions at any level (higher or lower) that may affect the review of employment decisions and/or business activity.

If a relative relationship or dating relationship is established after employment between employees, it is the responsibility and obligation of both parties involved in the relationship to disclose the existence of the relationship to management. Based upon business needs, management will decide who is to be transferred or, if necessary, terminated from employment.

In other cases where a conflict or the potential for conflict arises because of the relationship between employees, even if there is no line of authority or reporting involved, the employees may be separated by reassignment or terminated from employment. Employees in a close personal relationship should refrain from displays of affection or excessive personal conversation in the workplace.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **107 Immigration Law Compliance**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with PNG within the past three years, or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact their local Human Resources Department. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **114 Disability Accommodation**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

Hiring procedures have been reviewed and provide persons with disabilities meaningful employment opportunities. Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

Reasonable accommodation is available to all disabled employees, where their disability affects the performance of job functions. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Qualified individuals with disabilities, on a non-discriminatory basis, are entitled to equal pay and other forms of compensation (or changes in compensation) as well as in job assignments, classifications, organizational structures, position descriptions, lines of progression, and seniority lists. Leave of all types will be available to all employees on an equal basis.

PNG is also committed to not discriminating against any qualified employees or applicants because they are related to or associated with a person with a disability. PNG will follow any state or local law that provides individuals with disabilities greater protection than the ADA.

This policy is neither exhaustive nor exclusive. PNG is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **116 Job Posting**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides employees an opportunity to indicate their interest in open positions and advance within the organization according to their skills and experience. In general, notices of all regular, full-time job openings in Employment Categories "A", "B", "C", and "I" are posted (refer to Policy 201 - Employment Categories). PNG reserves its discretionary right to not post a particular opening.

Available job openings for supervisory level positions and above should be posted at all PNG locations prior to advertisement externally (i.e., newspaper ads). Job openings will be posted on the employee bulletin boards and the PNG Intranet and will remain open for five calendar days (refer to Exhibit 1). Each job posting notice will include the location, type of position, posting date, job title, shift, pay grade, position summary, responsibilities and qualifications (required skills and abilities).

The Human Resources department at each property will submit their job vacancy(ies) to the Corporate Human Resource Manager for distribution to all HR departments for their bulletin boards and for placement on the PNG Intranet.

The Corporate Vice President, Human Resources must approve any new position that is not listed on the current approved Job Title list before the vacancy is posted.

#### **Employee Eligibility Requirements**

Job postings are normally available to non-represented employees only.

1. Employees must have performed competently for at least 90 calendar days in their current position (Note: Salaried employees from Mississippi must have completed six (6) months of satisfactory performance to be considered.). The 90-day requirement may be waived if the candidate successfully completed his/her 90-day Introductory Period in the department where the vacancy exists.
2. A rating of "Commendable", "Satisfactory", or the equivalent must have been achieved on the employee's most recent performance review. The "Introductory Period" does not count toward this 90-calendar day requirement. (In the event that there are no qualified in-house candidates, waiting period(s) may be waived for otherwise qualified candidates with the approval of the Corporate Vice President, Human Resources.)
3. Employees who have a written warning on file (within 6 months of the posting), or are on probation or suspension as a result of disciplinary action are not eligible to apply for posted jobs.
4. Employees from Casino Rama, who are interested in positions in the U.S., must comply with Immigration Laws and NAFTA regulations.
5. Eligible employees may only apply for those posted jobs for which they possess the required skills, competencies, and qualifications.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Local/Internal Job Openings**

To apply for an open position within their current location, employees should submit a "Self Nomination for Advertised Vacancy" form (refer to Exhibit 2) as well as a copy of their current resume (exempt-level positions only) to their Human Resources department. After the five-day posting period, the HR department will send a list of qualified self-nominees (refer to "Employee Eligibility Requirements") to the hiring manager/supervisor. All qualified self-nominees will be interviewed.

### **Job Openings at Other PNG Locations**

To apply for an open position at another location, employees should submit a "Self Nomination for Advertised Vacancy" form (refer to Exhibit 2) as well as a copy of their current resume (exempt-level positions only) to their Human Resources department. After the five-day posting period, the HR department will send a copy of the eligible self-nominees "Self Nomination for Advertised Vacancy" form (refer to Exhibit 2) and resume (if applicable) to the HR department at the specified location where the open position exists. They will then send a list of qualified self-nominees (refer to "Employee Eligibility Requirements") to the hiring manager/supervisor. All qualified self-nominees will be interviewed, either in person or by telephone.

The hiring manager/supervisor will contact the self-nominee's current manager/supervisor to verify performance, skills, and attendance. Any staffing limitations or other circumstances that might affect a prospective transfer may also be discussed and, if necessitated by business needs, an extended release date may be negotiated. Normally, the successful candidate should be released to the new position within thirty (30) days. Once a selection is made, all qualified applicants will be notified by their HR department that the position was filled.

Job posting is a way to inform employees of openings and to identify qualified and interested applicants who might not otherwise be known to the hiring manager. Other recruiting sources may also be used to fill open positions in the best interest of the organization.

PNG recognizes the benefit of developmental experiences and encourages employees to talk with their supervisors about their career plans. Supervisors are encouraged to support employees' efforts to gain experience and advance within the organization.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **117 Miscellaneous**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Some PNG properties provide parking for their employees. In addition, employees of PNG may be subject to licensing requirements from Racing and/or Gaming Commissions in the states in which we operate.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **201 Employment Categories**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

It is the intent of PNG to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and PNG.

Each employee is designated as either NON-EXEMPT or EXEMPT from federal and state wage and hour laws. NON-EXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. An employees' EXEMPT or NON-EXEMPT classification may be changed only upon written notification from PNG management.

In addition to the above categories, each employee will belong to one other employment category:

<u><b>Class</b></u>	<u><b>Description</b></u>
A	Executives General Managers Facility Managers Department Head
B	All other Exempt Employees
C	Full-time non-exempt non-bargaining unit employees
D	Part-time non-exempt non-bargaining unit employees
E	Full-time bargaining unit employees (labor contract addresses wages, hours, conditions of employment, etc.)
F	Part-time bargaining unit employees (labor contract addresses wages, hours conditions of employment, etc.)
G	Temporary, part-time, non-exempt seasonal (other than full-time seasonal on-track employees at Pocono Downs) or occasional employees



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

<u><b>Class</b></u>	<u><b>Description</b></u>
H	Full-time, non-exempt seasonal on-track employees at Pocono Downs
I	Full-time, non-exempt, non-seasonal non-bargaining racing and certain other employees
J	Part-time, non-exempt, non-seasonal, non-bargaining racing and certain other employees

Employees in Class C who are paid an hourly rate must work an average of thirty-five (35) hours per week for thirteen (13) consecutive weeks and be certified by their department manager as certain to continue the thirty-five (35) hour weekly average in order to be considered full-time employees. Employees in Class I who are paid an hourly rate must work 90% of all scheduled race days set for the current meet in order to be considered full-time employees.

Employees who work an average of 20 to 34.9 hours per week are considered part-time.

Employees in Class J who are paid an hourly rate must work at least two (2) race days per week in order to be considered part-time.

Occasional employees are those hourly rated employees in Class G who work less than twenty (20) hours per week or who work less than two (2) race days per week.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **202 Access to Personnel Files**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG maintains a personnel file for each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals, salary increases, and other employment records.

Personnel files are the property of PNG, and access to the information they contain is restricted. All records pertaining to the employment of an individual are considered confidential. Information contained in personnel files shall be used only for accounting, personnel related functions or as required by law.

Employees who wish to review their own file should contact their local Human Resources Department who, with reasonable advance notice, will arrange for employees to review their personnel files in the presence of an individual appointed by PNG. Unless expressly permitted by state law, employees will not be permitted to copy or change any of the materials contained in the file.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **203 Employee Background Checks**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

To ensure that individuals who join PNG are well qualified and have a strong potential to be productive and successful, it is the policy of PNG to check the background information of all applicants.

Applicants will be asked to sign appropriate releases and all information obtained will be treated in the strictest confidence.

All outside inquiries for routine information concerning past and present employees of PNG must be referred to the Human Resources Department (at the specified location) in order to ensure the confidentiality and accuracy of personnel information. Responses to such inquiries will confirm only dates of employment and position(s) held.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **204 Personnel Data Changes**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

It is the responsibility of each employee to promptly notify PNG of any changes in personnel data. Personal mailing addresses, telephone numbers, marital status, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times.

Employees must notify their Human Resources Department of personnel data changes within 30 days of the change. Failure to do so will result in disciplinary action (refer to Policy 716 - Discipline Policy).



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **205 Introductory Period**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. PNG uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or PNG may end the employment relationship at will at any time during or after the introductory period, with or without cause or advance notice.

All new and rehired employees work on an introductory basis for the first 90 calendar days after their date of hire. Any significant absence will automatically extend an introductory period by the length of the absence. If PNG determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, the introductory period may be extended for a specified period.

During the introductory period, new employees are eligible for those benefits that are required by law, such as workers' compensation insurance and Social Security.

Upon satisfactory completion of the introductory period, employees enter the "regular" employment classification.

After becoming regular employees, they may also be eligible for other PNG-provided benefits, depending upon their employee job category (refer to Policy 201 – Employment Categories), subject to the terms and conditions of each benefits program. Employees should read the information for each specific benefits program for the details on eligibility requirements.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **208 Employment Applications**

Effective Date: 1/1/1999

Revision Date: 4/1/2003

PNG relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

In processing employment applications, PNG may obtain a consumer credit report for employment purposes only concerning credit worthiness, credit standing, and credit capacity. If PNG takes an adverse employment action based in whole or in part on the consumer credit report, a copy of the report and a summary of your rights under the Fair Credit Reporting Act will be provided as well as any other documents required by law.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **209 Performance Evaluation**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Additional formal performance appraisals are conducted to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

Performance appraisals are scheduled approximately every 12 months. The first appraisal normally occurs on or about the anniversary of the employee's original date of hire. Subsequent annual appraisals vary somewhat by location.

Merit-based pay adjustments may be awarded periodically at management's discretion by PNG in an effort to recognize truly superior employee performance. The decision to award such an adjustment is dependent upon numerous factors, including the information documented by this formal performance appraisal process and business conditions.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **301 Employee Benefits**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Eligible employees at PNG are provided a wide range of benefits. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent upon a variety of factors, including employee classification. Your supervisor can identify the programs for which you are eligible. Details of many of these programs can be found elsewhere in the employee handbook.

The following benefit programs are available to eligible employees:

- Pre-Tax Spending Accounts for certain unreimbursed Health Expenses and Dependent Care
- 401(k) Savings Plan
- Bereavement Leave
- Dental Insurance
- Family Leave
- Personal Leave
- Holidays \*
- Jury Duty Leave
- Life Insurance
- Accidental Death & Dismemberment Insurance
- Medical Insurance
- Short-Term Disability
- Long Term Disability
- Sick Leave Benefits \*
- Vacation Benefits \*
- Vision Care Insurance

Some benefit programs require contributions from the employee, either on a pre- or post- tax basis, as appropriate.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **303 Vacation**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

All PNG properties provide regular, full-time employees with paid vacation. Some properties provide this as a part of a Paid Time Off (PTO) policy; others provide specific paid vacation allowances.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **305 Holidays**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

All PNG properties provide regular, full-time employees with paid holidays. Some properties provide this as a part of a Paid Time Off (PTO) policy; others provide specific paid holiday allowances.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **306 Workers' Compensation Insurance**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses must inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

Neither PNG nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by PNG.

Company payments toward employees' health insurance will terminate at the end of the second calendar month following the compensable injury/illness. COBRA benefits will be offered (refer to Policy 313 - Benefits Continuation). Employees who were on COBRA and return to work on a full-time basis can re-elect group benefits through PNG. The effective date will be the first of the month following the month he/she returns to work full-time.

Employees may be eligible for concurrent leave under the provisions of the Family and Medical Leave Act (FMLA)(refer to Policy 602).

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **307 Sick Leave Benefits**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

All PNG properties provide regular, full-time employees with paid sick leave. Some properties provide this as a part of a Paid Time Off (PTO) policy; others provide specific paid sick leave allowances.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **309 Bereavement Leave**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Employees who wish to take time off due to the death of a family member should notify their supervisor immediately.

Up to 3 days of paid bereavement leave will be provided to eligible employees in Employment Categories "A", "B", "C", "H" and "I" (refer to Policy 201 - Employment Categories) who miss regularly scheduled working time due to the death of an immediate family member.

Up to 1 day of paid bereavement leave will be provided to eligible employees in Employment Categories "A", "B", "C", "H" and "I" (refer to Policy 201 - Employment Categories) who miss regularly scheduled working time due to the death of an extended family member.

Employees must take the Bereavement Leave anytime within 10 calendar days following the family member's death.

Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors' approval, use any available paid leave for additional time off as necessary.

PNG defines "immediate family" as the employee's spouse, parent, sibling, child or stepchild.

PNG defines "extended family" as the employee's spouse's parent, or spouse's sibling; the employee's child's spouse; the employee's grandparents or grandchildren. Special consideration may be given if any deceased extended family members resided with the employee and/or the employee is solely responsible for making funeral arrangements.

Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **311 Jury Duty**

Effective Date: 1/1/1999

Revision Date: 5/1/2002

PNG encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees who have completed a minimum of 90 calendar days of service in an eligible classification may request up to two weeks of paid jury duty leave over any one year period.

Jury duty pay will be calculated on the employees' base pay rate times the number of hours the employee would otherwise have worked on the day of absence, less the amount of jury duty pay received from the court (meal and mileage allowances excluded). Employee classifications that qualify for paid jury duty leave are:

- Employment Categories "A", "B", "C", "H" and "I"

If employees are required or volunteer to serve jury duty beyond the period of paid jury duty leave, they may use any available paid time off (for example, vacation benefits) or may request an unpaid jury duty leave of absence.

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Of course, employees are expected to report for work whenever the court schedule permits.

Either PNG or the employee may request an excuse from jury duty if, in PNG's judgment, the employee's absence would create serious operational difficulties.

PNG will continue to provide health insurance benefits during an unpaid jury duty leave of absence. Such payments will cease as of the first of the month following the completion of thirty (30) calendar days of unpaid jury duty leave.

Vacation/sick leave/holiday or PTO benefits will continue to accrue during unpaid jury duty leave.

Such accruals will cease as of the first of the month following the completion of thirty (30) calendar days of unpaid jury duty leave.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **313 Benefits Continuation (COBRA)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under PNG's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment (other than by reason of gross misconduct), or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation (legal separation does not exist in Pennsylvania); Medicare, and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or qualified beneficiary pays the full cost of coverage at PNG's group rates plus an administration fee. PNG provides each eligible employee (and spouse, if married) with a written notice describing rights granted under COBRA when the employee becomes eligible and elect coverage under PNG's health insurance plan. The notice contains important information about the employee's rights and obligations.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **316 Health Insurance**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG's health insurance plan provides employees and their dependents access to medical, prescription drug, dental, and vision insurance benefits. Employees in the following employment classifications are eligible to participate in the health insurance plan:

- Employment categories "A", "B", "C", "H" and "I"

Eligible employees may participate in the health insurance plan subject to all terms and conditions of the agreement between PNG and the insurance carrier.

A change in employment classification that would result in loss of eligibility to participate in the health insurance plan may qualify an employee for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the Benefits Continuation (COBRA) policy for more information.

Details of the health insurance plan are described in the Summary Plan Description (SPD). An SPD and information on cost of coverage will be provided in advance of enrollment to eligible employees. Contact your local Human Resources Department for more information about health insurance benefits.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **317 Life Insurance**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Life insurance offers you and your family important financial protection. PNG provides a group term life insurance plan for eligible employees and their dependents. Company-paid coverage for employees equals one year's salary/wages, rounded to the next highest \$1,000 to a maximum of \$200,000.

Also, employees may elect additional voluntary group term life insurance for themselves, their spouses and their dependent children (from "live" birth to 19 years [23 years if full-time student]).

Additionally, PNG provides Accidental Death and Dismemberment (AD&D) group insurance for employees, up to a maximum of one year's salary/wages rounded to the next highest \$1,000, to a maximum of \$200,000. Employees may also voluntarily elect additional AD&D coverage for their spouses and/or their children.

Any additional voluntary group life and AD&D coverage is paid by employees and is deducted on a post-tax basis from their paycheck.

Employees in the following employment classifications are eligible to participate in the life insurance plan:

- Employment categories "A", "B", "C", "H" and "I"

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between PNG and the insurance carrier(s).

Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Contact your local Human Resources Department for more information about life insurance benefits.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **318 Short-Term Disability**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides a short-term disability (STD) benefits plan to eligible employees who are unable to work because of a qualifying disability due to an injury or illness. Employees in the following employment classifications are eligible to participate in the STD plan as indicated below (refer to Policy 201 - Employment Categories):

- Employment category "A" (PA, WV and CO) and Director Level and above (MS, IL and LA): STD for these employees is self-insured by PNG. Details of this coverage are available from local Human Resources departments.
- Employment categories "B", "C", "H" and "I": a company provided 90-day core STD plan is available (effective 01/01/02). In addition, a voluntary buy-up STD plan is available (effective 01/01/99).

Eligible employees may participate in the company paid and voluntary buy-up STD plan subject to all terms and conditions of the agreement between PNG and the insurance carrier(s). Employees are eligible for STD coverage the first of the month following one year of full-time active service.

Disabilities arising from pregnancy or pregnancy-related illness are treated the same as any other illness that prevents an employee from working.

Details of the STD benefits plan including benefit amounts, when they are payable, and limitations, restrictions, and other exclusions are described in the Summary Plan Description provided to eligible employees. Contact your local Human Resources Department for more information about STD benefits.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **319 Long-Term Disability**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

The long-term disability (LTD) benefit plan helps eligible employees cope with an illness or injury that results in a long-term absence from employment. This plan was effective January 1, 1999. LTD is designed to ensure a continuing income for employees who are disabled and unable to work. It is provided at the Company's expense for employees in category "A".

Employees in Employment categories "B", "C", "H" and "I" are eligible to participate in the voluntary LTD plan.

Eligible employees may participate in the LTD plan subject to all terms and conditions of the agreement between PNG and the insurance carrier. Employees are eligible for LTD coverage the first of the month following one year of full-time active service.

LTD benefits are subject to carrier mandated participation minimums. Details of the LTD benefits plan including benefit amounts, limitations and restrictions, and pre-existing condition exclusions are described in the Summary Plan Description provided to eligible employees. Contact your local Human Resources Department for more information about LTD benefits.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **320 401(k) Savings Plan**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG has established a 401(k) savings plan for employees in Employment categories "A", "B", "C", "D", "H", "I" and "J" (refer to Policy 201 - Employment Categories) to provide employees with the opportunity to achieve financial security in their retirement.

To be eligible to join the 401(k) savings plan, employees in the above employment categories must be at least 21 years of age and must have completed one year of eligibility service. The year of eligibility service is calculated in two ways: an employee will achieve one year of eligibility service if, at the end of the first 12 consecutive months of employment with PNG, the employee has been credited with 1,000 or more hours of service. If an employee has not been credited with at least 1,000 hours of service by the end of the first 12 consecutive months of employment, the employee will have completed one year of eligibility service at the end of any calendar year that the employee has been credited with 1,000 or more hours of service. Upon completion of the eligibility requirements, employees may enter the plan on the following quarterly plan entry dates: January 1, April 1, July 1 or October 1, subject to all terms and conditions of the plan

The 401(k) savings plan allows employees to elect how much compensation they want to defer (up to 25%) and direct the investment of their plan account, so they can tailor their retirement package to meet their individual needs. (Investments grow over time on a pre-tax basis.)

PNG, at its discretion, also contributes an additional matching amount to each employee's 401(k) contribution. At Charles Town Races & Slots, a state-mandated funding formula replaces the Company match.

Because your contribution to a 401(k) plan is automatically deducted from your pay before federal and state tax withholdings are calculated, you save tax dollars now by having your current taxable amount reduced. While the amounts deducted generally will be taxed when they are finally distributed, favorable tax rules typically apply to 401(k) distributions. (Note that the state of Pennsylvania taxes 401(k) elective deferrals.)

Complete details of the 401(k) savings plan are described in the Summary Plan Description provided to eligible employees. Contact your local Human Resources Department for more information about the 401(k) plan.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **321 Perfect Attendance Recognition**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Many PNG properties provide rewards for perfect attendance as a part of their local employee recognition policies.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **326 Flexible Spending Accounts (FSA's)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides a Flexible Spending Account (FSA) program that allows employees to have pre-tax dollars deducted from their salaries to pay for eligible out-of-pocket expenses. The pre-tax contributions made to the FSA can be used to pay for non-reimbursed health care expenses and dependent care expenses during the plan year. Through the FSA program, you can reduce your taxable income without reducing your real income, so that you can keep more of the money you earn.

Employees in the following employment classifications are eligible to participate in the Flexible Spending Account program:

- Employees in categories "A", "B", "C", "H" and "I"

Participation in the Health Care and/or Dependent Care FSA is optional and determined on an annual basis for the plan year. You must enroll for each plan year. You determine how much to contribute to the account, up to a specified maximum, based on anticipated expenses during the plan year. You may contribute up to a maximum of \$2,500 each year for your Health Care FSA. The maximum contribution for your Dependent Care FSA is \$5,000 per year. Contributions are directed to the account through salary reduction on a pre-tax basis. This tax-free money is then available to you for reimbursement of eligible out-of-pocket expenses. Since the amounts that remain in the account at the end of the plan year are forfeited, you should take care not to over-fund your account.

Details of the Flexible Spending Account program are described in the Summary Plan Description (SPD). Contact your local Human Resources Department for more information on the Flexible Spending Account program and to obtain enrollment and reimbursement forms and worksheets with examples of reimbursable and non-reimbursable expenses.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **401 Timekeeping**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require PNG to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is defined as any time an employee actually spends on the job performing assigned duties.

Non-exempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed.

As an hourly employee, you will be receiving an employee badge to use for timekeeping purposes. This badge is assigned to you for your use only.

All employees, required to use the time keeping system, must swipe their badge no earlier than seven (7) minutes before their assigned start time and no later than seven (7) minutes after their shift ends. The only exception to this policy is for approved overtime.

If you have any problems using your badge and/or the time clock, please see your manager immediately.

Any violation of this policy (i.e., altering, falsifying, tampering with time records, or recording time on another employee's time record) may result in disciplinary action (refer to Policy 716 - Discipline Policy).

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **403 Paydays**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

All employees are paid bi-weekly. Each paycheck will include earnings for all work performed through the end of the previous payroll period.

In the event that a regularly scheduled payday falls on a day off such as a weekend or holiday, employees will receive pay on the last day of work before the regularly scheduled payday.

If a regular payday falls during an employee's vacation, the employee's paycheck will be available upon his or her return from vacation.

Employees may have pay directly deposited into their bank accounts if they provide advance written authorization to PNG. Employees will receive an itemized statement of wages when PNG makes direct deposits.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **405 Employment Termination**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- Resignation - voluntary employment termination initiated by an employee.
- Discharge - involuntary employment termination initiated by the organization.
- Layoff - involuntary employment termination initiated by the organization for nondisciplinary reasons.
- Retirement - voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement from the organization.

Since employment with PNG is based on mutual consent, both the employee and PNG have the right to terminate employment at will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state law. Company property must be returned in accordance with Policy 706 - Return of Property.

Employee benefits will be affected by employment termination in the following manner:

- All accrued, vested benefits that are due and payable at termination will be paid (please refer to Policy 708 - Resignation).
- Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.
- Employees who separate from service with PNG will be provided with a certificate of Creditable Coverage at the time coverage ends by their medical insurance carrier (if applicable and in compliance with the Health Insurance Portability and Accountability Act of 1996 [HIPAA]). A certificate will also be issued when COBRA coverage ends if COBRA coverage has been elected.

Employees who are rehired to any position within ninety (90) days of a company initiated lay-off (reduction in force [RIF]) and who meet the 35 hours worked per week minimum, will be immediately eligible for benefits. Employees who are rehired more than 90 days following a company initiated lay-off (RIF) will be subject to the provisions of Policy 205 - Introductory Period.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **409 Administrative Pay Corrections**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of his/her supervisor and the payroll department so that corrections can be made as quickly as possible.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **410 Pay Deductions and Setoffs**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

The law requires that PNG make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. PNG also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." PNG matches the amount of Social Security taxes paid by each employee. The "Medicare" portion of the Social Security tax is not subject to a specified earnings limit.

PNG offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their pay checks to cover the costs of participation in these programs.

Pay setoffs are pay deductions taken by PNG, usually to help pay off a debt or obligation to PNG or others.

If you have questions concerning why deductions were made from your pay check or how they were calculated, the payroll department can assist in having your questions answered.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **501 Safety**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

To assist in providing a safe and healthful work environment for employees, customers, and visitors, each property of PNG has a safety committee to establish workplace safety programs. These programs are a top priority for PNG. Their success depends on the alertness and personal commitment of all.

PNG provides information to employees about workplace safety and health issues through regular internal communication channels such as supervisor-employee meetings, bulletin board postings, memos, or other written communications.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the appropriate supervisor. Such reports are necessary to comply with laws and to initiate workers' compensation benefits.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **502 Work Schedules**

Effective Date: 1/1/1999

Work schedules for employees vary throughout our organization. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **503 Use of Cell Phones**

Effective Date: 8/1/2003

Revision Date: 1/1/2004

This policy outlines the use of personal cell phones at work, the personal use of business cell phones and the safe use of cell phones by employees while driving.

#### **Personal Cellular Phones**

While at work, employees are not permitted to use their personal cellular phones. During authorized break times, employees may use personal cellular phones in employee break areas only.

The company will not be liable for the loss of personal cellular phones brought into the workplace.

#### **Personal Use of Company-Provided Cellular Phones**

Where job or business needs demand immediate access to an employee the company may issue a business cell phone to an employee for work-related communications. In order to protect the employee from incurring a tax liability for the personal use of this equipment, such phones are to be used for business reasons only.

Employees in possession of company equipment such as cellular phones are expected to protect the equipment from loss, damage or theft. Upon resignation or termination of employment, or at any time upon request, the employee may be asked to produce the phone for return or inspection. Employees unable to present the phone in good working condition within the time period requested (i.e. 24 hours) may be expected to bear the cost of a replacement.

Employees who separate from employment with outstanding debts for equipment loss or unauthorized charges will be considered to have left employment on unsatisfactory terms and may be subject to legal action for recovery of the loss.

#### **Safety Issues for Cellular Phone Use**

Employees whose job responsibilities include regular or occasional driving and who are issued a cell phone for business use are expected to refrain from using their phone while driving. Safety must come before all other concerns.

Regardless of the circumstances, including slow or stopped traffic, employees are strongly encouraged to pull off to the side of the road and safely stop the vehicle before placing or accepting a call. If acceptance of a call is unavoidable and pulling over is not an option, employees are expected to keep the call short, use hands-free options if available, refrain from discussion of complicated or emotional discussions and keep their eyes on the road. Special care should be taken in situations where there is traffic, inclement weather, or the employee is driving in an unfamiliar area.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

In situations where job responsibilities include regular driving and accepting of business calls, hands-free equipment will be provided to facilitate the provisions of this policy. Employees whose job responsibilities do not specifically include driving as an essential function, but who are issued a cell phone for business use, are also expected to abide by the provisions above. Under no circumstances are employees allowed to place themselves at risk to fulfill business needs.

Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all liabilities that result from such actions. Violations of this policy could lead to disciplinary action (refer to Policy 716 - Discipline Policy).

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **504 Use of Phone and Mail Systems**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Personal use of the telephone for long-distance and toll calls is not permitted. Employees should practice discretion when making local personal calls and may be required to reimburse PNG for any charges resulting from their personal use of the telephone. Public pay phones are available for personal outgoing calls during breaks, meal periods, or at other times, with the supervisor's permission.

The use of PNG-paid postage for personal correspondence is not permitted.

To ensure effective telephone communications, employees should always use the approved greeting and speak in a courteous and professional manner. Please confirm information received from the caller, and hang up only after the caller has done so.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **505 Smoking / Tobacco Usage**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

In keeping with PNG's intent to provide a safe and healthful work environment, smoking or use of other tobacco products (i.e., chewing tobacco, cigars, etc.) in the workplace is prohibited except in those locations that have been specifically designated as smoking areas. In situations where the preferences of smokers and nonsmokers are in direct conflict, the preferences of nonsmokers will prevail.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **507 Overtime**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

When operating requirements or other needs cannot be met during regular working hours, employees may be scheduled to work overtime hours. Qualified volunteers will be assigned to overtime work whenever possible. In the absence of volunteers, advance notification of mandatory assignments will be provided to the extent possible. All overtime work must receive the supervisor's prior authorization.

Overtime compensation is paid to all nonexempt employees in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. Time off on sick leave, vacation leave, PTO, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

Failure to work scheduled overtime or overtime worked without prior authorization from the supervisor may result in disciplinary action (refer to Policy 716 - Discipline Policy).

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **508 Use of Equipment and Vehicles**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Equipment and vehicles essential in accomplishing job duties are expensive and may be difficult to replace. When using PNG property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify the supervisor if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. The supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action (refer to Policy 716 - Discipline Policy).

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **510 Emergency Closings**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

All PNG properties have local policies relative to emergency closing procedures.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **516 Computer and E-mail Usage**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Computers, computer files, the e-mail system, and software furnished to employees are PNG property intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and e-mail usage may be monitored.

PNG strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, PNG prohibits the use of computers and the e-mail system in ways that are disruptive, offensive to others, or harmful to morale.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.

E-mail may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-business matters.

PNG purchases and licenses the use of various computer software for business purposes and does not own the copyright to this software or its related documentation. Unless authorized by the software developer, PNG does not have the right to reproduce such software for use on more than one computer.

Employees may only use software on local area networks or on multiple machines according to the software license agreement. PNG prohibits the illegal duplication of software and its related documentation.

No outside software of any kind should be installed on PNG personal computers without proper approval(s). If an employee wishes to install software on a PNG PC which is assigned to him/her, he/she should obtain the approval of his/her supervisor and the Director of Management Information and Technology. If installation is approved, it must be done by a member of the Management Information and Technology Department.

Employees should notify their immediate supervisor, the Director of Management Information and Technology or any member of management upon learning of violations of this policy. Employees who violate this policy will be subject to disciplinary action (refer to Policy 716 - Discipline Policy).

***Note:*** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **517 Internet Usage**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Downloading from the Internet is strictly prohibited unless prior approval from the Director of Management Information and Technology has been obtained in writing. Downloaded files are to be placed on a diskette and scanned for viruses by a member of the Management Information and Technology department before being placed on PNG's network. Installation should be performed by the Management Information and Technology Department.

Access to global electronic information resources on the World Wide Web is provided by PNG to assist employees in obtaining work-related data and technology. The following guidelines have been established to help ensure responsible and productive Internet usage.

All Internet data that is composed, transmitted or received via our computer communications systems is considered to be part of the official records of PNG and, as such, is subject to disclosure to law enforcement or other third parties. Consequently, employees should always ensure that the business information contained in Internet e-mail messages and other transmissions is accurate, appropriate and lawful.

The equipment, services, and technology provided to access the Internet remain at all times the property of PNG. As such, PNG reserves the right to monitor Internet traffic, and retrieve and read any data composed, sent, or received through our online connections and stored in our computer systems.

Data that is composed, transmitted, accessed, or received via the Internet must not contain content that could be considered discriminatory, offensive, obscene, threatening, harassing, intimidating, or disruptive to any employee or other person. Examples of unacceptable content may include, but are not limited to, sexual comments or images, racial slurs, gender-specific comments, or any other comments or images that could reasonably offend someone on the basis of race, age, sex, religious or political beliefs, national origin, disability, sexual orientation, or any other characteristic protected by law.

The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the Internet is expressly prohibited. As a general rule, if an employee did not create material, does not own the rights to it, or has not gotten authorization for its use, it should not be put on the Internet. Employees are also responsible for ensuring that the person sending any material over the Internet has the appropriate distribution rights.

Abuse of the Internet access provided by PNG in violation of law or PNG policies will result in disciplinary action (refer to Policy 716 - Discipline Policy). Employees may also be held personally liable for any violations of this policy. The following behaviors are examples of previously stated or additional actions and activities that are prohibited and can result in disciplinary action (refer to Policy 716 - Discipline Policy):

- Sending or posting discriminatory, harassing, or threatening messages or images
- Using the organization's time and resources for personal gain
- Stealing, using, or disclosing someone else's code or password without authorization



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

- Copying, pirating, or downloading software and electronic files without permission
- Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
- Violating copyright law
- Failing to observe licensing agreements
- Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
- Sending or posting messages or material that could damage the organization's image or reputation
- Participating in the viewing or exchange of pornography or obscene materials
- Sending or posting messages that defame or slander other individuals
- Attempting to break into the computer system of another organization or person
- Refusing to cooperate with a security investigation
- Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities
- Using the Internet for political causes or activities, religious activities, or any sort of gambling
- Jeopardizing the security of the organization's electronic communications systems
- Sending or posting messages that disparage another organization's products or services
- Passing off personal views as representing those of the organization
- Sending anonymous e-mail messages
- Engaging in any other illegal activities

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **518 Workplace Monitoring**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Workplace monitoring may be conducted by PNG to ensure quality control, employee safety, security, and customer satisfaction.

Computers furnished to employees are the property of PNG. As such, computer usage and files may be monitored or accessed.

PNG may conduct video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because PNG is sensitive to the legitimate privacy rights of employees, every effort will be made to guarantee that workplace monitoring is done in an ethical and respectful manner.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **522 Workplace Violence Prevention**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG is committed to preventing workplace violence and to maintaining a safe work environment. Given the increasing violence in society in general, PNG has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. Firearms, weapons, and other dangerous or hazardous devices or substances are prohibited from the premises of PNG without proper authorization.

Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible to a supervisor. Do not place yourself in peril. If you see or hear a commotion or disturbance near your workstation, do not try to intercede or see what is happening.

PNG will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical. In order to maintain workplace safety and the integrity of its investigation, PNG may suspend employees, either with or without pay, pending investigation.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action (refer to Policy 716 – Discipline Policy).

PNG encourages employees to bring their disputes or differences with other employees to the attention of their supervisors or their local Human Resources Department before the situation escalates into potential violence. PNG is eager to assist in the resolution of employee disputes, and will not discipline employees for raising such concerns.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **602 Family Leave**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

#### **Effective 4/1/02**

It is the intention of PNG to support, in a manner consistent with the effective and efficient operations of PNG, employees who have special needs for their own serious health condition, pregnancy, childbirth, infant care, adoption, foster care, and family care for the employee's spouse, child or parent with a serious health condition. A "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves one of the following:

- |                            |  |
|----------------------------|--|
| (1) Hospital Care          | (4) Chronic Conditions Requiring Treatments          |
| (2) Absence Plus Treatment | (5) Perm./Long-term Conditions Requiring Supervision |
| (3) Pregnancy              | (6) Multiple Treatments (Non-Chronic Conditions)     |

PNG is committed to providing Family and Medical Leave (FMLA) to eligible employees in accordance with the Federal Family and Medical Leave Act of 1993. Eligible employees are entitled to a total of up to 12 workweeks of Family and Medical Leave during a 12-month period. Eligible employees are those who:

- have at least 12 months of cumulative service and have worked at least 1,250 hours or more during the 12 months prior to requesting leave; and
- have a qualifying reason for taking FMLA (as listed above); and
- have a remaining balance of FMLA.

For any FMLA absence, an eligible employee is required to use any available paid leave time (i.e., vacation, sick, PTO, etc.) before taking unpaid family or medical leave. Any additional accruals of paid time off during an approved leave will also be used.

#### **Determining Remaining Balance of Family and Medical Leave**

An eligible employee may take up to 12 workweeks (hours the employee usually works per week) of Family and Medical Leave during a "leave year." The "leave year" is defined as a rolling 12-month period measured backward from the date the proposed leave is to begin. For example, if the employee's proposed leave begins October 15, the 12-month leave year begins October 16 of the prior year. If the employee used any FMLA time during the leave year period, the 12-week maximum is reduced by that amount.

Future requests for FMLA move the date for calculating the 12-month "leave year" up to the date the subsequent leave is proposed to begin. A "leave year" always starts 12 months prior to the date the current leave request begins.

#### **REQUESTS FOR LEAVE**

Requests for FMLA must be made to your local Human Resources Department, **providing as much notice as practicable** in cases of medical emergency or other unforeseen events. When the leave is foreseeable, such as for planned medical treatment or birth of a child, the request is



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

to be submitted in writing **at least 30 calendar days in advance**. The request must include enough information for the Human Resources to conclude a **FMLA qualifying reason** exists and a proposed **schedule of leave dates**.

For each request, the employee will be given a "FMLA Request / Certification Form" for completion. (*Refer to "Certification Requirements" below*).

Leaves for a serious health condition may be **continuous or intermittent (periodic)** of partial days or weeks whereby only the absence may be covered by FMLA.

FMLA for adoption, foster care, birth and care of a newborn child must be completed within 12 months of the birth, adoption, or foster care placement and must be taken in continuous work weeks.

When a husband and wife, both employed by PNG, are eligible for FMLA, the total number of work weeks of leave for birth, adoption, or foster care placement to which both are entitled, is limited to a combined total of 12 work weeks.

In absence of an employee expressly requesting "Family and Medical Leave," the PNG has the **right to designate** any eligible employee's FMLA qualifying absences as part of an employee's 12-workweek entitlement of FMLA. Notification to the employee of FMLA request approval or designation may be verbal and will be followed up in writing.

### **Certification Requirements**

- Leaves due to a serious medical condition - a written certification from a health care provider (Part II of the FMLA Request / Certification Form) must be supplied by the employee no later than 15 calendar days following a request. The certification must include enough information for Human Resources to confirm a serious health condition exists, the probable duration, and the specific period(s) of incapacity.
- Leaves to care for a child, spouse, or parent with a serious health condition - the certification must include a description of the care and an estimate of the time that such employee needs to care for the family member.

An employee may be required to submit subsequent certifications no more frequently than every 30 calendar days unless an extension of modification of leave is requested, changed circumstances occur regarding the serious health condition or information arises that questions the validity of the earlier certification.

### **EFFECT ON BENEFITS**

#### **Continuation of Group Health Insurance**

Subject to the terms, conditions, and limitation of the applicable plans, PNG will continue to provide health insurance benefits for the full period of the approved family leave. PNG will request payments from the employee for their portion of health, life, AD&D and disability insurance (such payments must be made on a post-tax basis) on a monthly basis.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

**Perfect Attendance** - Approved FMLA leaves will not be counted against the employee for attendance purposes.

**Years of Service** - PNG continuous service shall accrue during the period of FMLA leave.

**Holidays** - Holidays occurring during a FMLA leave will not be paid.

### **RETURN TO WORK**

An employee has the right to return to the same or an equivalent position with equivalent pay, benefits and other terms and conditions of employment.

Employees who fail to: (1) notify PNG of their desire or intent to take FMLA leave; (2) certify or re-certify the need for the leave; (3) update PNG periodically of their status while on leave; or (4) return to work when the leave has exhausted will forfeit their right to return to their own or an equivalent position.

If the leave is for the employee's own serious health condition, he/she is required to provide a "Fitness for Duty" certification from their health care provider confirming the date the employee is able to return to work and perform the essential functions of his/her position.

An employee on FMLA will be considered to have voluntarily resigned their employment with PNG if he/she:

- a) Advises PNG of his/her intent not to return to work, or
- b) Fails to return to work upon the agreed upon return date

### **Reinstatement Provision for "Key" Employees**

A "key employee" (a salaried FMLA eligible employee who is among the highest paid 10 percent of all the employees employed by PNG within 75 miles of the employee's work site) is eligible for leave under this policy; however, the following reinstatement provisions will apply to key employees:

- a) A key employee may be denied reinstatement to his/her job or comparable position if the reinstatement would cause substantial and grievous economic injury to PNG.
- b) PNG will notify the key employee of its intent to deny reinstatement at the time that determination is made by PNG.
- c) At the time the key employee is notified of the intent to deny reinstatement, the key employee will have the option of returning to work within a reasonable period of time set by PNG. The time to return will be determined by the circumstances surrounding the leave, such as the length of leave and the urgency of the need for the employee to return.
- d) If the key employee has been notified and opts not to return to work within the specified time limit set by PNG, then the employee will still be considered to be on leave until the conclusion of the leave period, even though the employee may not be entitled to reinstatement at the conclusion of the leave.

### **MISCELLANEOUS**

- Except as provided under the "Return to Work" section, this policy does not alter any employee's "at-will" employment relationship with PNG.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

- An employee who is on an approved leave may not be gainfully employed elsewhere while on FMLA approved absence.
- Employee may be eligible for concurrent leave under Workers' Compensation (refer to Policy 306).

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **603 Personal Leave**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides leaves of absence to eligible employees who wish to take time off from work duties to fulfill personal obligations. Employees in the employment categories "A", "B", "C", "H", and "I" (refer to Policy 201 - Employment Categories) are eligible to request personal leave as described in this policy:

Eligible employees may request personal leave only after having completed 90-calendar days of service. As soon as eligible employees become aware of the need for a personal leave of absence, they should request a leave from their supervisor and Human Resources.

A personal leave may be granted for a period of up to 90 calendar days every 2 years. If this initial period of absence proves insufficient, consideration will be given to a written request for a single extension of no more than 30 calendar days.

Requests for personal leave will be evaluated based on a number of factors, including anticipated workload requirements and staffing considerations during the proposed period of absence.

For any personal leave absence, an eligible employee is required to use any available paid leave time before taking unpaid personal leave. Any additional accruals of paid time off (i.e., vacation and/or PTO) during an approved leave will also be used. *Please refer to your local addendums for information regarding payment of vacation and PTO.*

Subject to the terms, conditions, and limitations of the applicable plans, health insurance benefits will be provided by PNG until the end of the month following the month in which the personal leave was approved, provided that the employee has paid their appropriate portion of the cost to the Company by the first of the month following personal leave notice. At that time, employees will become responsible for the full costs of these benefits, through COBRA, if they wish coverage to continue. When the employee returns from personal leave, benefits will again be provided by PNG according to the applicable plans.

Benefit accruals, such as vacation, PTO, sick leave, or holiday benefits, will be suspended during the leave and will resume upon return to active employment.

When a personal leave ends, every reasonable effort will be made to return the employee to the same position, if it is available, or to a similar available position for which the employee is qualified. However, PNG cannot guarantee reinstatement in all cases.

If an employee fails to report to work promptly at the expiration of the approved leave period, PNG will assume the employee has resigned.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **605 Military Leave**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA). Advance notice of military service is required, unless military necessity prevents such notice or it is otherwise impossible or unreasonable. In all cases a copy of military orders must be presented to substantiate the leave.

The leave will be unpaid. However, employees may use any available vacation or PTO for the absence.

Continuation of health insurance benefits is available as required by USERRA based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible.

With the exception of annual two-week reserve/National Guard training, benefit accruals, such as vacation, sick leave, or holiday benefits, will be suspended during the leave and will resume upon the employee's return to active employment.

Employees on military leave for up to 30 days are required to return to work for the first regularly scheduled shift after the end of service, allowing reasonable travel time. Employees on longer military leave must apply for reinstatement in accordance with USERRA and all applicable state laws.

Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one depending on the length of military service in accordance with USERRA. They will be treated as though they were continuously employed for purposes of determining benefits based on length of service.

Contact your local Human Resources Department for more information or questions about military leave.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **701 Employee Conduct and Work Rules**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

To ensure orderly operations and provide the best possible work environment, PNG expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action (refer to Policy 716 - Discipline Policy):

- Theft or inappropriate removal or possession of property
- Falsification of timekeeping records
- Violation of any gaming license requirement
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment
- Fighting or threatening violence in the workplace
- Boisterous or disruptive activity in the workplace
- Negligence or improper conduct leading to damage of employer-owned or customer-owned property
- Insubordination or other disrespectful conduct
- Violation of safety or health rules
- No gum or tobacco chewing in the workplace
- Smoking in prohibited areas
- Sexual or other unlawful or unwelcome harassment
- Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace
- Excessive absenteeism or any absence without notice
- Unauthorized absence from work station during the workday
- Unauthorized use of telephones, mail system, or other employer-owned equipment
- Unauthorized disclosure of business "secrets" or confidential information
- Violation of personnel policies
- Unsatisfactory performance or conduct

Employment with PNG is at the mutual consent of PNG and the employee, and either party may terminate that relationship at any time, with or without cause, and with or without advance notice.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **702 Drug and Alcohol Use**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

It is PNG's desire to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner.

While on PNG premises and while conducting business-related activities off PNG premises, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

Violations of this policy may lead to disciplinary action (refer to Policy 716 - Discipline Policy) and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Employees with drug or alcohol problems that have not resulted in, and are not the immediate subject of, disciplinary action may request approval to take unpaid time off to participate in a rehabilitation or treatment program. Leave may be granted if the employee agrees to abstain from use of the problem substance; abides by all PNG policies, rules, and prohibitions relating to conduct in the workplace; and if granting the leave will not cause PNG any undue hardship.

Employees with questions on this policy or issues related to drug or alcohol use in the workplace should raise their concerns with their supervisor, their local Human Resources Department, or the Corporate Vice President of Human Resources without fear of reprisal.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **703 Sexual and Other Unlawful Harassment**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals after a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting, or impeding or blocking movements.
- Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when:
  - (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment
  - (2) submission or rejection of the conduct is used as a basis for making employment decisions; or,
  - (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace, report it immediately to your supervisor. If the supervisor is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact your local Human Resources Department or any other member of management. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the local Human Resources Department or any member of management so it can be investigated in a timely and confidential manner. Anyone engaging in sexual or other unlawful harassment will be subject to disciplinary action (refer to Policy 716 - Discipline Policy).

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **704 Attendance and Punctuality**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

To maintain a safe and productive work environment, PNG expects employees to be reliable and to be punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on PNG. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, they should notify their supervisor as soon as possible in advance of the anticipated tardiness or absence.

Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action (refer to Policy 716 - Discipline Policy).

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **705 Personal Appearance**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

At PNG, we respect our customers and want to provide them with the best possible experience when they visit our facilities. Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image PNG presents to customers and visitors.

During business hours or when representing PNG, you are expected to present a clean, neat, and tasteful appearance. You should dress and groom yourself according to the requirements of your position and accepted social standards. This is particularly true if your job involves dealing with customers or visitors in person.

Your supervisor or department head is responsible for establishing a reasonable dress code appropriate to the job you perform. If your supervisor feels your personal appearance is inappropriate, you may be asked to leave the workplace until you are properly dressed or groomed. Under such circumstance, you will not be compensated for the time away from work. Consult your supervisor if you have questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a disability.

Without unduly restricting individual tastes, the following personal appearance guidelines will be followed:

- Shoes must provide safe, secure footing, and offer protection against hazards.
- Canvas or athletic type shoes are not appropriate professional attire.
- Tank tops, tube or halter tops, or shorts may not be worn under any circumstances.
- Mustaches and beards must be clean, well trimmed, and neat.
- Hairstyles are expected to be in good taste.
- Unnaturally colored hair and extreme hairstyles, such as spiked hair and shaved heads, do not present an appropriate professional appearance.
- Long hairstyles should be worn with hair pulled back off the face and neck to avoid interfering with job performance.
- Excessive makeup is not permitted.
- Offensive body odor and poor personal hygiene is not professionally acceptable.
- Perfume, cologne, and aftershave lotion should be used moderately or avoided altogether, as some individuals may be sensitive to strong fragrances.
- Jewelry should not be functionally restrictive, dangerous to job performance, or excessive.
- Facial jewelry, such as eyebrow rings, nose rings, lip rings, and tongue studs, is not professionally appropriate and must not be worn during business hours.
- Multiple ear piercings (more than one ring in each ear) are not professionally appropriate and must not be worn during business hours.
- Torso body piercings with visible jewelry or jewelry that can be seen through or under clothing must not be worn during business hours.
- Visible excessive tattoos and similar body art must be covered during business hours.
- Chewing gum, eating and smoking must take place only in break rooms or other locally designated areas.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **706 Return of Property**

Effective Date: 1/1/1999

Revision Date: 4/1/2003

Employees are responsible for items issued to them by PNG or in their possession or control, including but not limited to the following:

- Name Tags
- Equipment
- Keys
- Pagers
- Security passes
- Tools
- Uniforms
- Vehicles
- Credit cards
- Employee Guidance Manual

Employees must return all PNG property immediately upon request or upon termination of employment. Where permitted by applicable laws, PNG may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. PNG may also take all action deemed appropriate to recover or protect its property.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **708 Resignation**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Resignation is a voluntary act initiated by the employee to terminate employment with PNG. Although advance notice is not required, PNG requests at least two weeks' written resignation notice from all employees. Unused current year vacation will not be paid if a minimum of two weeks' notice is not given (does not apply in certain states).

If rehired with 30 days, benefits are immediately reinstated.

At PNG's option, an employee who has given two weeks' notice of resignation may receive a maximum of two weeks' pay without being required to serve out the notice.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **710 Security Inspections**

Effective Date: 1/1/1999

PNG wishes to maintain a work environment that is free of illegal drugs, alcohol, firearms, explosives, or other improper materials. To this end, PNG prohibits the possession, transfer, sale, or use of such materials on its premises. PNG requires the cooperation of all employees in administering this policy.

Desks, lockers, and other storage devices may be provided for the convenience of employees but remain the sole property of PNG. Accordingly, they, as well as any articles found within them, can be inspected by any agent or representative of PNG at any time, either with or without prior notice.

PNG likewise wishes to discourage theft or unauthorized possession of the property of employees, PNG, visitors, and customers. To facilitate enforcement of this policy, PNG or its representative may inspect not only desks and lockers but also persons entering and/or leaving the premises and any packages or other belongings. Any employee who wishes to avoid inspection of any articles or materials should not bring such items onto PNG's premises.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **712 Solicitation**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

In an effort to ensure a productive and harmonious work environment, persons not employed by PNG may not solicit or distribute literature in the workplace at any time for any purpose.

PNG recognizes that employees may have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature concerning these activities during working time or in working areas. (Working time does not include lunch periods, work breaks, or any other periods in which employees are not on duty.)

Examples of impermissible forms of solicitation include:

- The collection of money, goods, or gifts for community groups
- The collection of money, goods, or gifts for religious groups
- The collection of money, goods, or gifts for political groups
- The collection of money, goods, or gifts for charitable groups
- The sale of goods, services, or subscriptions outside the scope of official organization business
- The circulation of petitions
- The distribution of literature not approved by the employer
- The solicitation of memberships, fees, or dues

In addition, the posting of written solicitations on company bulletin boards is restricted. These bulletin boards display important information, and employees should consult them frequently for:

- Job Postings
- Legally mandated postings
- Affirmative Action statement
- Employee announcements
- Internal memoranda
- Job openings
- Organization announcements
- Workers' compensation insurance information
- State disability insurance/unemployment insurance information

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **714 Drug Testing**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG is committed to providing a safe, efficient, and productive work environment for all employees. Using or being under the influence of drugs or alcohol on the job may pose serious safety and health risks. The unlawful manufacturing, distribution, dispensation, possession or use of a controlled substance is strictly prohibited in our workplace. Employees who violate this policy will be subject to discipline (refer to Policy 716 - Discipline Policy).

To help ensure a safe and healthful working environment, employees may be asked to provide body substance samples (such as urine, hair and/or blood) to determine the illicit or illegal use of drugs and alcohol. Drug testing will be administered under the following conditions:

- post-offer/pre-placement as a condition of employment;
- when an employee's observed behavior raises a reasonable suspicion of drug or alcohol use resulting in impairment or unsafe practice on the job; or
- after any accident or occurrence that results in an injury on the job as defined by the Occupational Safety and Health Administration; after any vehicular accident involving a Company vehicle or on Company time.

Refusal to submit to drug testing may result in disciplinary action, up to and including immediate termination of employment.

Questions concerning this policy or its administration should be directed to the Corporate Vice President, Human Resources.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **716 Discipline Policy**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

The purpose of this policy is to state PNG's position on administering equitable and consistent discipline for unsatisfactory conduct in the workplace. The best disciplinary measure is the one that does not have to be enforced and comes from good leadership and fair supervision at all employment levels.

PNG's own best interest lies in ensuring fair treatment of all employees and in making certain that disciplinary actions are prompt, uniform, and impartial. The major purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future.

Although employment with PNG is based on mutual consent and both the employee and PNG have the right to terminate employment at will, with or without cause or advance notice, PNG may use the following disciplinary steps at its discretion.

Disciplinary action may call for any of four steps (*depending on the severity of the action and the number of occurrences*):

- |                              |                                   |
|------------------------------|-----------------------------------|
| 1. Documented verbal warning | 3. Suspension with or without pay |
| 2. Written warning           | 4. Termination of employment      |

There may be circumstances when one or more steps are bypassed.

PNG recognizes that there are certain types of employee actions or behaviors that are serious enough to justify either a suspension or immediate termination of employment, without going through the usual disciplinary steps.

While it is impossible to list every type of behavior that may be deemed a serious offense, the Employee Conduct and Work Rules (Policy 701) includes examples of problems that may result in immediate suspension or termination of employment. However, the problems listed are not all necessarily serious offenses, but may be examples of unsatisfactory conduct that will trigger discipline.

By using the discipline steps, we hope that most employee problems can be corrected at an early stage, benefiting both the employee and PNG.

**Note:** *Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.*



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **718 Problem Resolution**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG is committed to providing the best possible working conditions for its employees. Part of this commitment is encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from PNG supervisors and management.

PNG strives to ensure fair and honest treatment of all employees. Supervisors, managers, and employees are expected to treat each other with mutual respect. Employees are encouraged to offer positive and constructive criticism.

If employees disagree with established rules of conduct, policies, or practices, they can express their concern through the problem resolution procedure. No employee will be penalized, formally or informally, for voicing a complaint with PNG in a reasonable, business-like manner, or for using the problem resolution procedure.

If a situation occurs when employees believe that a condition of employment or a decision affecting them is unjust or inequitable, they are encouraged to make use of the following steps. The employee may discontinue the procedure at any step.

1. Employee presents the problem to his/her immediate supervisor within three calendar days after the incident occurs. (If the situation is one which the employee feels he/she cannot discuss with the supervisor, he/she may contact a member of the Human Resources department without fear of reprisal.)
2. The supervisor may respond to the problem during the discussion. If additional investigation is required, the supervisor will respond to the employee as soon as the investigation is completed. The supervisor will document the discussion and provide the employee with a copy of the documentation.
3. If the employee is dissatisfied with the supervisor's response, he/she may pursue the issue with higher levels of management, in sequence, up to and including the General Manager of the property or the Director of Off Track Wagering Operations, as appropriate. The decision will be documented and the employee will be provided with a copy of the documentation.
4. If the employee is still dissatisfied with the Company's response, he/she may, as a final step in the process, present the problem, in writing, to the Corporate Vice President, Human Resources. The Corporate Vice President, Human Resources, has full authority to make any adjustment that he/she deems appropriate. The Corporate Vice President, Human Resources, will notify the employee in writing, of his/her decision and the reasons that underlie it. If the employee is a member of the Human Resources Department, the issue may be submitted, in writing, to the President.

Not every problem can be resolved to everyone's total satisfaction, but only through understanding and discussion of mutual problems can employees and management develop confidence in each other. This confidence is important to the operation of an efficient and harmonious work environment, and helps to ensure everyone's job security.

**Note:** Some properties may have additional information regarding this policy under a local addendum. Please refer to the "Local Policies" tab in the back of this manual.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **720 Casual Days**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Some PNG properties provide regularly scheduled "casual days" for non-uniformed employees.

**Note:** Please refer to the "Local Policies" tab in the back of this manual.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **800 Life-Threatening Illnesses in the Workplace**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

Employees with life-threatening illnesses, such as cancer, heart disease, and AIDS, often wish to continue their normal pursuits, including work, to the extent allowed by their condition. PNG supports these endeavors as long as employees are able to meet acceptable performance standards. As in the case of other disabilities, PNG will make reasonable accommodations in accordance with all legal requirements, to allow qualified employees with life-threatening illnesses to perform the essential functions of their jobs.

Medical information on individual employees is treated confidentially. PNG will take reasonable precautions to protect such information from inappropriate disclosure. Managers and other employees have a responsibility to respect and maintain the confidentiality of employee medical information. Anyone inappropriately disclosing such information is subject to disciplinary action, up to and including termination of employment.

Employees with questions or concerns about life-threatening illnesses are encouraged to contact the local Human Resources Department for information and referral to appropriate services and resources.



# Penn National Gaming, Inc

## Employee Guidance Manual

### Exhibit 1 – Job Posting

Effective Date: 1/1/1999

Revision Date: 1/1/2004

"YOUR LOGO HERE"

## Exempt Positions

MMMM DD, YYYY

Postings Close on MMMM DD, YYYY

*Please Note: Non-exempt positions are posted on the PNG Intranet site (<http://pngcoreintranet/pnghome/>) or you may obtain a list of these available positions from your local HR Department.*

Position	Shift	Pay/Grade	Position Summary	Minimum Qualifications
Name of Job #1	TBD	Min / Mid-point or Pay Grade	Summary from job description / other job duties	Qualifications from job description
Name of Job #2	TBD	Min / Mid-point or Pay Grade	Summary from job description / other job duties	Qualifications from job description

Applicant Please Note: In order to qualify for consideration for this vacancy, you must, at a minimum, possess the following qualifications:

1. All qualifications listed under "Minimum Qualifications" section above.
  2. A "Satisfactory" or better performance evaluation for your most recent review.
  3. No written warnings for poor job performance (including attendance/tardiness), conduct or performance within six (6) months of the posting date.
  4. Must have held present position for a minimum of ninety (90) calendar days
- If you wish to be considered for this vacancy and believe you are qualified, please complete an Internal Application and follow the form distribution instructions. All Job Advertisements will be posted for a period of five (5) calendar days. Human Resources must receive Internal Applications within three (3) calendar days of the last day the position is posted.

# Penn National Gaming, Inc

## Employee Guidance Manual

### Exhibit 2 – Self-Nomination For Advertised Vacancy Form

Effective Date: 1/1/1999

Revision Date: 1/1/2004

#### SELF NOMINATION FOR ADVERTISED VACANCY

(PLEASE PRINT all information other than requested signatures)

Name: \_\_\_\_\_ Date: \_\_\_\_\_  
SSN: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Home Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_  
Property/Location: \_\_\_\_\_ Date Of Hire/Rehire: \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Current Position/Dept: \_\_\_\_\_ For How Long? \_\_\_\_  
Position of Interest: \_\_\_\_\_ Department: \_\_\_\_\_  
Property Name/Location of job opportunity: \_\_\_\_\_

Waiver: I hereby grant permission to the interviewer for the above-referenced position to review all my personnel records, including performance reviews, attendance, job qualifications, and references.

Employee's Signature \_\_\_\_\_

Date Submitted \_\_\_\_\_

*Please make a copy for your records; send original to your immediate supervisor.*

-----  
☐

Recommended

☐

Not Recommended

Manager/Supervisor, Present Department \_\_\_\_\_

Date \_\_\_\_\_

*Please make a copy for your records; send original to local HR department.*

#### **FOR HR USE ONLY**

File reviewed by HR Representative: \_\_\_\_\_ Date: \_\_\_\_\_

PRINT NAME

SIGNATURE

*Please refer to Job Posting Policy (116) for "Employee Eligibility Requirements"*

Forward to Hiring Manager (based on policy review): ☐ YES ☐ NO Date: \_\_\_\_\_

If no, state reason: \_\_\_\_\_

#### **FOR HIRING MANAGER (S) USE ONLY**

Interviewed by (print): \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Meet job qualifications? ☐ YES ☐ NO

If "No," which of the Applicant's skill(s) require further development? \_\_\_\_\_

Was job offered to Applicant? ☐ YES ☐ NO Date Applicant was notified: \_\_\_\_\_

If yes, did Applicant accept position? ☐ YES ☐ NO

If yes, Hiring Manager spoke to \_\_\_\_\_ on \_\_\_\_\_  
(Home Department's Manager's name) (Date)

*Please make a copy for your records; send original to local HR department.*

Start date agreed upon: \_\_\_\_\_ Signature of Hiring Manager: \_\_\_\_\_

Exhibit 2 – Self-Nomination For Advertised Vacancy Form



**Penn National Gaming, Inc**  
**Employee Guidance Manual**  
**Downs Racing, Inc.**

**Addendum Table of Contents**

Addendum / Policy		Effective Date:	Revision Date:
1	Miscellaneous [Parking/Licensing] (#117)	1/1/1999	1/1/2004
2	Vacation Benefit (#303)	1/1/1999	1/1/2004
3	Holidays (#305)	1/1/1999	1/1/2004
4	Sick Leave Benefits (#307)	1/1/1999	1/1/2004
5	Perfect Attendance Recognition (#321)	1/1/1999	4/1/2003
6	Paydays (#403)	1/1/1999	1/1/2004
7	Administrative Pay Corrections (#409)	1/1/1999	1/1/2004
8	Overtime (#507)	1/1/1999	1/1/2004
9	Emergency Closings (#510)	1/1/1999	1/1/2004
10	Attendance & Punctuality (#704)	1/1/1999	1/1/2004
11	Casual Days (#720)	1/1/1999	4/1/2003

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 1 – Miscellaneous (#117)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides parking facilities for employee use at all of its work locations. It is expected that employees will operate their vehicles in a safe and considerate manner at all times while on PNG property. Failure to do so will result in disciplinary action, up to and including termination of employment.

The Company assumes no responsibility for damage to, or theft of / from, employee vehicles while on PNG property.

Employees of PNG are subject to licensing requirements from Racing and/or Gaming Commissions in the states in which we operate. Obtaining of these licenses and renewals, as required, in an expeditious manner is a condition of employment at PNG.

**Downs Racing, Inc. will pay for the cost of the State Racing Commission license that is required. If the employee does not complete their 90-day introductory period, whether he/she resigns or is discharged for or without cause the employee is responsible for reimbursing Penn National for the cost.**



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 2 – Vacation (#303)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

**Note:** *This is a clarification of the Vacation Policy originally published January 1, 1999. There has been no contextual change (9/99).*

Vacation time off with pay is available to eligible employees to provide opportunities for rest, relaxation, and personal pursuits. Employees in employment categories "A", "B", "C", and "I" (refer to Policy 201 - Employment Categories) are eligible to earn and use vacation time as described in this policy:

The amount of paid vacation time employees receive each year increases with the length of their employment as shown in the following schedule:

1. After one year of eligible service, the employee is entitled to the equivalent of one (1) standard weekly work schedule of paid vacation time, i.e., an employee whose standard weekly work schedule encompasses five (5) standard work days will receive five (5) standard days of paid vacation; an employee whose standard weekly work schedule encompasses four (4) standard work days will receive four (4) standard days of paid vacation, etc.
2. After one year and six months of eligible service, the employee is entitled to one (1) additional standard weekly work schedule of paid vacation time, not to exceed the equivalent of two (2) standard weekly work schedules of paid vacation time in any calendar year.
3. After five (5) years of eligible service, the employee is entitled to one (1) additional standard weekly work schedule of paid vacation time, not to exceed the equivalent of three (3) standard weekly work schedules of paid vacation time in any calendar year.
4. In each calendar year thereafter, the employee is entitled to three (3) standard weekly work schedules of paid vacation time.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that starts when the employee begins/began employment in categories "B", "C", or "I". An employee's benefit year may be extended based on a leave of absence. (See individual leave of absence policies for more information.)

Once employees enter an eligible employment category, they begin to earn paid vacation time according to the schedule. Earned vacation time is available for use in the year in which it is accrued.

Paid vacation time must be used in minimum increments of one day. To take vacation, employees should originate a "Vacation Request Form" with as much advance notice as possible (but not less than two weeks) to their supervisor for approval. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

Vacation time off is paid at the employee's base pay rate at the time of vacation. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials, if any.

As stated above, employees are encouraged to use available paid vacation time for rest, relaxation, and personal pursuits. In the event that available vacation is not used by the end of the calendar year (Jan. 1 – Dec. 31), employees will forfeit the unused time. The only exception to this non-carryover policy is the following: in the event an employee becomes eligible for five (5) additional days of paid vacation in the current calendar year by virtue of achieving one (1) year, eighteen (18) months or five (5) years service, as applicable, in the months of November or December and the needs of the business, as judged by management, cannot accommodate the vacation in the current calendar year, such days may be carried over to the following calendar year with the approval of the local general manager. Such days must be taken by March 1 of the following calendar year.

Upon termination of employment, employees will be paid for unused vacation time that has been earned in the prior year, provided that a written notice has been submitted at least two weeks in advance. However, if PNG terminates employment for cause, forfeiture of unused vacation will result.

For clarification purposes, vacation time will be paid as described below:

- Employees in employment categories "A" and "B," the vacation payment will be based on a standard eight (8) hour workday, and for category "C" the vacation payment will be based on an average # of hours worked per day in a normal weekly schedule.
- For available vacation days not used by the end of the calendar year, the compensation committee and the General Manager will make a recommendation on a case-by-case basis and, based on the needs of the business, allow the unused vacation time to be carried over to the following calendar year. Such time must be taken by March 1<sup>st</sup> of the following year.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 3 – Holidays (#305)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG will grant holiday time off to all employees on the recognized holidays listed below:

- New Year's Day (January 1)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Thanksgiving (fourth Thursday in November)
- Christmas (December 25)

PNG will grant paid holiday time off to all eligible employees (those having completed the 90-day Introductory Period under Policy 205) upon assignment to an eligible employment category. For hourly rated employees, holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day. For salaried employees, holiday pay will be based on their normal salary for one workday (as of the date of the holiday).

Eligible employees are those in categories "A", "B", "C", "H" and "I" (refer to Policy 201 - Employment Categories) who have successfully completed the 90-day Introductory Period (refer to Policy 205 - Introductory Period).

Hourly rated employees in categories "C", "H" and "I" who are required by the Company to work on holidays for which they are eligible for paid time off will be compensated at their straight time rate for all hours worked on the holiday (unless the weekly total hours worked exceeds forty, in which case the overtime premium will be applied to hours worked in excess of forty).

Additionally, these employees will be paid a holiday allowance of one additional regular shift at their straight time rate. Hourly rated employees in categories "C" and "I" who are not normally scheduled to work on the day that a holiday is observed will be paid one (1) additional shift (at straight time) in that pay week.

Salaried employees in categories "A" and "B" who are required by the Company to work on holidays for which they are eligible for paid time off will be permitted to schedule an alternate paid day off. This day will normally be taken within 30 days of the holiday worked and must be scheduled through your supervisor based on business needs.

Exempt (categories "A" and "B") employees who work an alternate full-time schedule are entitled to the same number of holidays and the same amount of paid holidays as are granted to regularly scheduled employees (i.e., Monday – Friday). If a recognized holiday falls on a day that the exempt employee does not normally work, the employee will be paid an extra day's pay for that holiday. However, as a local property option, exempt employees, who are not normally scheduled to work on a recognized holiday, can be granted an additional day off within 30 days of the holiday in lieu of the paid holiday.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

(For example, a category B employee, who does not normally work on Thursdays, should be paid one extra day for the Thanksgiving Day holiday for the week. If a category B employee normally works on a Thursday and is required to work on that holiday, that employee will be permitted to schedule an alternate paid day off within 30 days of the holiday.)

Category "D", "G" and "J" employees who are required by the Company to work on holidays will be compensated at 1.5 times their straight-time hourly pay rate for all such holiday hours worked.

For employees who normally work a Monday to Friday schedule, a recognized holiday that falls on a Saturday will be observed on the preceding Friday. For these same employees, a recognized holiday that falls on a Sunday will be observed on the following Monday. In order for hourly rated employees to be eligible for paid holiday time off, or for time-and-one-half pay for working on a designated holiday, they must work the scheduled shift before and the scheduled shift after the designated holiday. (Vacation time that is scheduled in advance of the holiday and approved by the Company prior to the holiday will count as time worked for purposes of holiday pay eligibility. Additionally, employees eligible for paid bereavement leave under Policy 309 on the scheduled shift(s) before and/or after the designated holiday will retain holiday pay eligibility under this policy.) Employees who do not meet these requirements will not be paid for holiday time off and will be paid straight time if required to work the designated holiday.

While Easter Sunday is not a recognized holiday, hourly rated employees in categories "C", "D", "G", "H", "I" and "J" who are required to work on that day will be compensated at 1.5 times their straight time hourly pay rate for all such hours worked. Salaried employees in categories "A" and "B" who are required to work on Easter Sunday will be permitted to schedule an alternate paid day off. This day will normally be taken within 30 days of the Easter Sunday worked and must be scheduled through your supervisor based on business needs.

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

For clarification purposes, holiday time will be paid as described below:

Exempt (categories "A" and "B") employees who work an alternate full-time schedule, who are not scheduled to work will be permitted to schedule an alternate paid day off.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 4 – Sick Leave Benefits (#307)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

PNG provides paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries in accordance with the following schedule (refer to Policy 201 - Employment Categories):

Employment categories "A" and "B": Payment for absence due to illness or injury (calendar days 1 through 7 of an absence occurrence) is based on management's assessment of the circumstances of the case.

Employment categories "C", "H" and "I":

- Employees with less than five (5) years of net credited service (who have successfully completed the 90-day Introductory Period), payment for up to six (6) days per calendar year due to sickness or injury (calendar days 1 through 7 of an absence occurrence) may be made based on management's assessment of the nature of the absence and the employee's overall attendance record. Such payments will commence on the third consecutive day of an absence occurrence.
- Employees with five (5) or more years of net credited service, payment for up to six (6) days per calendar year due to sickness or injury (calendar days 1 through 7 of an absence occurrence) may be made based on management's assessment of the nature of the absence and the employee's overall attendance record. Such payments will commence on the second consecutive day of an absence occurrence.

Eligible employees may only use sick leave benefits for an absence due to their own illness or injury.

Employees who are unable to report to work due to illness or injury should notify their direct supervisor before the scheduled start of their workday if possible. The direct supervisor must also be contacted on each additional day of absence. If an employee is absent for three or more consecutive days due to illness or injury, a physician's certificate must be provided verifying the disability and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well, and may be required as a condition to receiving sick leave benefits. Before returning to work from a sick leave absence of 3 calendar days or more, an employee must provide a physician's verification that he or she may safely return to work.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials, if any.

Sick leave benefits are intended solely to provide income protection in the event of illness or injury, and may not be used for any other absence. Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment.

Company payments toward non-FMLA eligible employee's health insurance will terminate at the end of the second calendar month following the commencement of the sickness absence. COBRA benefits will be offered (refer to Policy 313 - Benefits Continuation).



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 5 – Perfect Attendance Recognition (#321)**

Effective Date: 1/1/1999

Revision Date: 4/1/2003

It is the policy of PNG to require employees to report for work as scheduled and to work all scheduled hours and any required overtime. It is also PNG's policy to recognize outstanding employee attendance. Effective January 1, 1999, the following Perfect Attendance Recognition guidelines apply:

All employees in categories "B", "C", "H" and "I" who miss no scheduled work time in a full calendar year (January 1 - December 31), with the exception of vacation, scheduled holidays, bereavement time in accordance with Policy 309-Bereavement Leave, Jury Duty (Policy 311), FMLA (Policy 602) and Military Leave (Policy 605) of up to two weeks and time missed due to no work being available, will be awarded U.S. Savings Bonds in accordance with the following schedule:

<b>Consecutive Years of Perfect Attendance</b>	<b>Bond Award (Face Value)</b>
One (1)	\$50.00
Two (2)	\$100.00
Three (3)	\$150.00
Four (4)	\$200.00
Five (5)	\$250.00
Six (6) and More	\$300.00 each year

Savings Bonds are subject to normal taxes and will be presented no later than March 31 of the following year.



**Penn National Gaming, Inc**  
**Employee Guidance Manual**  
**Downs Racing, Inc.**

**Addendum # 6 – Paydays (#403)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

If a regular payday falls during the employee's start of vacation, the employee's check will be available the day before payday, after 3:00 pm.

**Penn National Gaming, Inc**  
**Employee Guidance Manual**  
**Downs Racing, Inc.**

**Addendum # 7 – Administrative Pay Corrections (#409)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

In the event that an error is made to an employee's pay, the employee should promptly bring the discrepancy to the attention of his/her supervisor. The supervisor will then discuss the discrepancy with the Payroll department. Upon review and confirmation from the Payroll department the correction will be made on the next scheduled payday. Special manual corrections may be requested from the General Manager or the District Manager (Off Track Wagering facilities only).



**Penn National Gaming, Inc**  
**Employee Guidance Manual**  
**Downs Racing, Inc.**

**Addendum # 8 – Overtime (#507)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

For clarification purposes, overtime will be paid as described in this policy addendum:

- If the employee works more than one job position within the same department, overtime will be paid at the rate of the job that is performed during the overtime hours.
- If the employee works two different job positions in two different departments the overtime will be paid at the rate of the position in the secondary department.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 9 – Emergency Closings (#510)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

At times, emergencies such as severe weather, fires, power failures, or earthquakes, can disrupt company operations. In extreme cases, these circumstances may require the closing of a work facility.

In the event that our live race card is cancelled due to severe weather conditions, Downs Racing will make every attempt to notify employees prior to reporting for their scheduled shift. Employees are also responsible for contacting the supervisor on duty, for cancellation information on days with questionable weather. In the event that our live race card is cancelled after the employee reports for their scheduled shift, Downs Racing may choose to compensate the employee for their time.

Employees in employment categories "C", "D", "G", and "J" (refer to policy 201-Employment Categories) may be compensated as described in this policy addendum:

- Employees that have reported for work may be paid a minimum of two hours or the actual number of hours worked, whichever is greater.

In cases where an emergency closing is not authorized, employees who fail to report for work will not be paid for the time off. However, with supervisory approval, employees may use available paid leave time, such as unused vacation benefits.

Employees in essential operations may be asked to work on a day when operations are officially closed. In these circumstances, employees who work will receive regular pay.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 10 – Attendance and Punctuality (#704)**

Effective Date: 1/1/1999

Revision Date: 1/1/2004

*The following guidelines are for attendance and punctuality for Downs Racing, Inc. Non-Represented, Non-Exempt Employees:*

#### **Penn National Gaming, Inc Attendance Management Guidelines Non-Represented, Non-Exempt Employees**

##### **Policy**

It is the policy of Penn National Gaming, Inc., to require all employees to report for work as scheduled and to work all scheduled hours and any required overtime. Poor attendance disrupts work operations and service to our guests and cannot be tolerated. Accordingly, the following process will apply to all non-represented hourly and per diem employees, effective July 1, 2001.

##### **Process**

Absence "occurrences", as defined below, will be the basis for the attendance management program.

##### **Level 1 – Verbal Warning**

Two (2) occurrences of absence within previous twelve (12) calendar months.

##### **Level 2 – Written Warning**

Four (4) occurrences of absence within previous twelve (12) calendar months.

##### **Level 3 – Final Written Warning**

Five (5) occurrences of absence within previous twelve (12) calendar months.

##### **Level 4 – Review for Termination**

Six (6) occurrences of absence within previous twelve (12) calendar months.

##### **Definitions**

An "occurrence" of absence is defined as missing a scheduled day, or consecutive scheduled days of work. A "day" is defined as 50% or more of the total of the regular shift (including overtime) for any of the following reasons:

- Personal illness or injury



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

- Transportation problems, including bad weather conditions, which result in the employee incurring an absence occurrence as defined above
- Other reasons not specifically excluded

Note: For those shifts scheduled to end at "closing", "closing" is defined as 12:00 midnight.

With respect to disciplinary action at Levels 1 through 4, the following types of (excluded) absences will not be recorded as chargeable occurrences:

- Absences due to the death of a family member as defined in PNG's Employee Guidance Manual
- Absences for authorized vacations and holidays
- Authorized leaving work early or authorized absence due to lack of work
- Partial day of absence on the day of an on-the-job injury
- Absence due to a work-related injury not incurred as a result of a safety rule violation
- Jury duty
- Annual Military training up to two (2) weeks in a calendar year
- Absences which result from a disciplinary suspension
- Absences approved under the Family & Medical Leave Act (FMLA)
- Absences involving a non-elective in-patient hospitalization

#### **Call-Off**

In all cases of anticipated absence, employees are required to call their supervisor to advise him/her of the impending absence and the reason for the absence. This should be done as far in advance of the absence as possible, but in no case not less than two (2) hours in advance of the scheduled starting time. Call-offs less than two (2) hours in advance of the scheduled start of work will result in the assessment of one (1) additional chargeable occurrence. The first failure to call off in a calendar year will result in the assessment of two (2) additional chargeable occurrences; the second failure to call off in a calendar year will normally result in termination.

Additionally, employees who are at Levels 2, 3 and 4 must call in to their supervisor on each consecutive day of absence (unless explicitly otherwise instructed by the supervisor). Failure to comply may result in the assessment of one (1) additional occurrence of absence for each day that the employee does not call in to speak with his/her supervisor.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Physician's Certificate**

All PNG employees are required to submit a physician's certificate when returning from an absence occurrence of three (3) or more consecutive workdays. Such certificate must contain the diagnosis and the physician's certification that the employee is medically fit to return to his/her full tour of duty. Based on individual circumstances, failure to produce such certificate may result in the employee not being allowed to return to work.

#### **Special Circumstances**

Recognizing that there are special days during the year that demand the fullest possible staffing, two (2) absence occurrences will be assessed for unexcused absences on the following days (if the employee has been scheduled to work): Kentucky Derby Day, Preakness Day, Belmont Day and Breeder's Cup Day. In the event that a supervisor excuses an absence before the fact on any of the foregoing "special days" (normally as a result of a major event such as a child's wedding, etc.), the employee will simply not be scheduled to work on the "special day" and no absence occurrence will be charged. In the event that a supervisor elects to excuse an absence after the fact on any of the foregoing "special days" (normally as a result of a "legitimate" sickness absence supported by an acceptable physician's certificate), one (1) occurrence will be assessed.

#### **Review Process**

In the event that an employee reaches Level 4 – Review for Termination, a meeting will be held prior to decision, with the employee, his/her supervisor, his/her department manager and a representative of the local Human Resources department in attendance. At the meeting the employee will be given the opportunity to present his/her case against termination. In making a decision to terminate or not to terminate, management will consider the employee's overall work record, including length and character of service, prior periods of good attendance, timeliness of the disciplinary action and the nature of the "trigger" occurrence. In questionable/marginal cases the local managers should consult with the Vice President, Human Resources in Wyomissing.

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

*The following guidelines are for attendance and punctuality for Downs Racing, Inc. Represented, Non-Exempt Employees:*

#### **Penn National Gaming, Inc Attendance Management Guidelines Represented Non-Exempt Employees**

##### **Policy**

It is the policy of Penn National Gaming, Inc., to require all employees to report for work as scheduled and to work all scheduled hours and any required overtime. Poor attendance disrupts work operations and service to our guests and cannot be tolerated. Accordingly, the following process will apply to all represented hourly and per diem employees, effective August 1, 2001.

##### **Process**

Absence "occurrences", as defined below, will be the basis for the attendance management program.

##### **Level 1 – Verbal Warning**

Two (2) occurrences of absence within previous twelve (12) calendar months.

##### **Level 2 – Written Warning**

Four (4) occurrences of absence within previous twelve (12) calendar months.

##### **Level 3 – Final Written Warning**

Five (5) occurrences of absence within previous twelve (12) calendar months.

##### **Level 4 – Review for Termination**

Six (6) occurrences of absence within previous twelve (12) calendar months.

##### **Definitions**

An "occurrence" of absence is defined as missing a scheduled day, or consecutive scheduled days of work. A "day" is defined as 50% or more of the total of the regular shift (including overtime) for any of the following reasons:

- Personal illness or injury



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

- Transportation problems, including bad weather conditions, which result in the employee incurring an absence occurrence as defined above
- Other reasons not specifically excluded

Note: For those shifts scheduled to end at "closing", "closing" is defined as 12:00 midnight.

With respect to disciplinary action at Levels 1 through 4, the following types of (excluded) absences will not be recorded as chargeable occurrences:

- Absences due to the death of a family member as defined in PNG's Employee Guidance Manual
- Absences for authorized vacations and holidays
- Authorized leaving work early or authorized absence due to lack of work
- Partial day of absence on the day of an on-the-job injury
- Absence due to a work-related injury not incurred as a result of a safety rule violation
- Jury duty
- Annual Military training up to two (2) weeks in a calendar year
- Absences which result from a disciplinary suspension
- Absences approved under the Family & Medical Leave Act (FMLA)
- Absences involving a non-elective in-patient hospitalization

#### **Call-Off**

In all cases of anticipated absence, employees are required to call their supervisor to advise him/her of the impending absence and the reason for the absence. This should be done as far in advance of the absence as possible, but in no case not less than two (2) hours in advance of the scheduled starting time. Call-offs less than two (2) hours in advance of the scheduled start of work will result in the assessment of one (1) additional chargeable occurrence. The first failure to call off in a calendar year will result in the assessment of two (2) additional chargeable occurrences; the second failure to call off in a calendar year will normally result in termination.

Additionally, employees who are at Levels 2, 3 and 4 must call in to their supervisor on each consecutive day of absence (unless explicitly otherwise instructed by the supervisor). Failure to comply may result in the assessment of one (1) additional occurrence of absence for each day that the employee does not call in to speak with his/her supervisor.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Physician's Certificate**

All PNG employees are required to submit a physician's certificate when returning from an absence occurrence of three (3) or more consecutive workdays. Such certificate must contain the diagnosis and the physician's certification that the employee is medically fit to return to his/her full tour of duty. Based on individual circumstances, failure to produce such certificate may result in the employee not being allowed to return to work.

#### **Special Circumstances**

Recognizing that there are special days during the year that demand the fullest possible staffing, two (2) absence occurrences will be assessed for unexcused absences on the following days (if the employee has been scheduled to work): Kentucky Derby Day, Preakness Day, Belmont Day and Breeder's Cup Day. In the event that a supervisor excuses an absence before the fact on any of the foregoing "special days" (normally as a result of a major event such as a child's wedding, etc.), the employee will simply not be scheduled to work on the "special day" and no absence occurrence will be charged. In the event that a supervisor elects to excuse an absence after the fact on any of the foregoing "special days" (normally as a result of a "legitimate" sickness absence supported by an acceptable physician's certificate), one (1) occurrence will be assessed.

#### **Review Process**

In the event that an employee reaches Level 4 – Review for Termination, a meeting will be held prior to decision, with the employee, his/her supervisor, his/her department manager, a Union representative and a representative of the local Human Resources department in attendance. At the meeting the employee will be given the opportunity to present his/her case against termination. In making a decision to terminate or not to terminate, management will consider the employee's overall work record, including length and character of service, prior periods of good attendance, timeliness of the disciplinary action and the nature of the "trigger" occurrence. In questionable/marginal cases the local managers should consult with the Vice President, Human Resources in Wyomissing.



# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

#### **Addendum # 11 – Casual Days (#720)**

Effective Date: 1/1/1999

Revision Date: 4/1/2003

***This policy DOES NOT apply to employees who are required to wear uniforms or standardized attire during the performance of their jobs.***

The following information is intended to serve as a guide to help define appropriate casual business wear for all employees during designated casual days at PNG. Each Friday will be a designated casual day unless local policy differs.

Our primary objective is to have employees project a professional image while taking advantage of more casual and relaxed fashions. Casual dress offers a welcome alternative to the formality of typical business attire.

However, not all casual clothing is appropriate for the office. Casual business wear means clean, neat, professional clothing. It is never appropriate to wear stained, wrinkled, frayed, or revealing clothing to the workplace. If you are considering wearing something and you are not sure if it is acceptable, choose something else or inquire first.

Listed below is a general overview of acceptable casual business wear, as well as a listing of some of the more common items that are not appropriate for the office. Obviously, neither group is intended to be all inclusive. Rather, these items should help set the general parameters for proper casual business wear and allow you to make intelligent judgments about items that are not specifically addressed.

Examples of acceptable casual business wear include:

- slacks
- casual dresses and skirts
- casual shirts and blouses
- golf shirts
- turtlenecks
- sweaters
- loafers
- deck shoes
- boots
- dress sandals
- flats

Examples of inappropriate clothing items that should not be worn on casual days include:

- jeans
- sweat pants
- warm-up or jogging suits and pants
- bib overalls
- spandex or other form fitting pants
- miniskirts

# **Penn National Gaming, Inc**

## **Employee Guidance Manual**

### **Downs Racing, Inc.**

- spaghetti-strap dresses
- T-shirts
- sweat shirts
- tank tops
- halter tops
- visible undergarments
- slippers
- thong slippers
- athletic shoes

For some, traditional business attire may simply remain a more favored option on casual days. The choice will be yours. We hope and fully expect that casual days will help make our workplace more enjoyable and productive.